



KIFS FINANCIAL SERVICES LIMITED

Registered Office

KIFS Financial Services Limited

B-81, Pariseema Complex, C. G. Road,

Ellisbridge, Ahmedabad – 380006, Gujarat, India.

CIN: L67990GJ1995PLC025234, Ph. No.: +91 79 30000320, 321,

Fax: +91 79 26403717, Email: cs@kifs.co.in, Website: www.kifsfinance.com

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KIFS FINANCIAL SERVICES LIMITED

Corporate Information

21ST ANNUAL GENERAL MEETING

Friday, August 19, 2016

BOARD OF DIRECTORS

Mr. Rajesh P. Khandwala

Chairman & Managing Director

Mrs. Sonal R. Khandwala

Director

Mr. Devang M. Shah

Independent Director

Mr. Dharmendra N. Soni

Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Durgesh D. Soni

CHIEF FINANCIAL OFFICER

Mr. Bhavik J. Shah

STATUTORY AUDITORS

M/s. Shailesh C. Parikh & Co.,

Chartered Accountants, Ahmedabad

INTERNAL AUDITORS

M/s. SMPK & Associates LLP, Ahmedabad

SECRETARIAL AUDITORS

M/s. Anamika Jajoo & Co.,

Practicing Company Secretary,

Ahmedabad

BANKERS

HDFC Bank – Ahmedabad

Bank of Maharashtra – Ahmedabad

IndusInd Bank – Mumbai

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited

Unit No. 303, Shoppers Plaza-V,

Opposite Municipal Market, Off C.G.

Road, Navrangpura,

Ahmedabad – 380009, Gujarat, India.

Ph. No.: +91 79 26465179,

Fax: +91 79 26465179,

Email: ahmedabad@linkintime.co.in,

Website: www.linkintime.co.in

REGISTERED & CORPORATE OFFICE

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ISIN

INE902D01013

BSE SCRIP CODE

535566

Notice of the 21st Annual General Meeting

NOTICE is hereby given that the 21st Annual General Meeting of the members of M/s. KIFS Financial Services Limited will be held on Friday, August 19, 2016 at 12:00 noon at the Registered Office of the Company at B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India to transact the following businesses:

Ordinary Businesses

Item No. 1 – Adoption of Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2016 together with the Reports of the Directors and Auditors thereon.

Item No. 2 – Declaration of Dividend

To declare a final dividend of Rs. 0.75 (i.e. 7.50%) per equity shares of Rs. 10/- each of the Company for the financial year ended on March 31, 2016.

Item No. 3 – Re-appointment of Director(s) retiring by rotation

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.

Item No. 4 – Ratification of appointment of Statutory Auditors

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

“RESOLVED THAT pursuant to the provisions of Section 139(1), 142 and other provisions, if any, applicable to the Company for the time being in force, of the Companies Act, 2013 read with first Proviso to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. Shailesh C. Parikh & Co., (FRN: 109858W), Chartered Accountants, Ahmedabad, made at the 19th Annual General Meeting of the members of the Company, be and is hereby ratified till the conclusion of next Annual General Meeting and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending on March 31, 2017, as may be determined by the Audit Committee in consultation with the said firm of Auditors.”

Special Businesses

Item No. 5 – Omnibus approval for Related Party Transactions

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 and other Regulations, as applicable to the Company from time to time, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 and other provisions, if any, applicable to the Company, for the time being in force, of the Companies Act, 2013 read with the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force), an omnibus consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into the related party transactions including the transaction subsequent foreseen and repetitive in the nature whether or not made in the ordinary course of business & at arm’s length basis by the Company with its related parties.”

“RESOLVED FURTHER THAT such omnibus approval shall also empower the Company to transact with such other parties / entities, in addition to the existing related parties to the Company, which may come into existence on any future date(s) or may fall under the category of a related party / entity to the Company in future.”

“RESOLVED FURTHER THAT nothing contained in the above resolution shall restrict the Audit Committee / Board / Shareholders to periodically review, approve and revise the criteria for approval of subsequent related party transactions.”

“**RESOLVED FURTHER THAT** this approval does not allow the Management of the Company either impliedly or expressly to enter into related party transactions to take any personal benefit or to defeat interest of the Company.”

“**RESOLVED FURTHER THAT** the Board / Committee(s) of Directors and Secretary be and are hereby jointly / severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered & Corporate Office:

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By order of Board of Directors
For **KIFS Financial Services Limited**

Rajesh P. Khandwala
(Chairman & Managing Director)
(DIN: 00477673)

Ahmedabad, May 24, 2016

Notes

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM / HER. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10% of the total share capital of the Company. In case of a member who is holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. The instrument appointing proxy shall be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a Body Corporate, it shall be under its seal or be signed by an officer or an attorney duly authorized by it.

Members / Proxies / Representatives are requested to bring their copies of the Annual Reports and the attendance slips sent herewith to attend the Annual General Meeting, as no extra copy of Annual Report would be made available at the Annual General Meeting and are further requested to quote their Folio Numbers / BO ID in all the correspondences.

In case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote at the meeting.

2. As per the provisions of Regulation 36(3) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, information in case of new appointment / reappointment of Director(s) and Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of special business(es) to be transacted are annexed hereto.
3. The Register of Members and Share Transfer Register of the Company will remain closed on Saturday, August 13, 2016.
4. The Board has recommended a final dividend of Rs. 0.75 (i.e. 7.5%) per equity share of Rs. 10/- each, which, if approved / declared by the members at the this ensuing Annual General Meeting, will be paid on or after Thursday, August 25, 2016 in respect of shares held in physical form, to those members whose names shall appear in the Company's Register of Members as on Friday, August 12, 2016 and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) at the closure of business hours on Friday, August 12, 2016.

Members are informed that no tax will be deducted at source on the dividend payable to them.

5. In terms of the Regulation 12 and Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Listed Companies are required to use the Reserve Bank of India's approved electronic mode of payment such as Electronic Clearance Service (ECS), LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS), Direct Credit, RTGS, NEFT etc. for making cash payments like dividend etc. to the members. Accordingly, members holding securities in demat mode are requested to update their bank details with their Depository Participants (DPs) and the members holding securities in physical form are requested to send a request to the Registrar and Share Transfer Agent or to the Company Secretary of the Company.
6. Non-Resident Indian Shareholders are requested to inform to the Registrar, M/s. Link Intime India Private Limited immediately:

- a) change in the residential status on return to India for permanent settlement; and
- b) particulars of the bank account maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.

Members are requested to address all their correspondences including change in address, bank account details and dividend matters to the Registrar and Share Transfer Agent. Members whose shareholding is in the electronic mode are requested to update the change of address and bank account details to their respective DPs.

7. Corporate members intending to send their authorized representative(s) to attend the meeting pursuant to the provisions of Section 113 of the Companies Act, 2013 are requested to send to the Company, a Certified True Copy of the relevant Board resolution together with specimen signatures of the authorized representative(s) to attend and vote on their behalf at the meeting.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of 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 the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company / Registrar.
9. In terms of Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance, all the members holding shares in electronic form are requested to intimate their email address to their respective Depository Participants and members holding shares in physical form are requested to intimate their e-mail address to the Company's Registrar and Transfer Agent whose e-mail id is ahmedabad@linkintime.co.in mentioning the Company's name i.e. M/s. KIFS Financial Services Limited, so as to enable the Company to send the Annual Report, Accounts, Notices and other documents through electronic mode to their e-mail addresses.

Electronic copy of the Notice of ensuing Annual General Meeting of the Company inter-alia indicating process and manner of e-voting along with attendance slip and proxy form are being sent to all the members whose e-mail addresses are registered with the Depository Participants / Company. Physical copies of the same have been sent to those members whose email addresses are not registered with the Depository Participants / Company indicating the process and manner of e-voting. The members will be entitled to receive physical copy of the Annual Report for the financial year ended on March 31, 2016, free of cost, upon sending a request to the Company Secretary of the Company.

10. Members desirous of getting any information about the accounts and / or operations of the Company are requested to write to the Company Secretary at least 10 days before the date of Annual General Meeting to enable the Management to keep the information ready at the meeting.

All documents referred to in the Notice or in the accompanying Explanatory Statement are available for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and public holidays, between 10:00 am to 1:00 pm prior to the date of the Annual General Meeting and shall also be made available for inspection at the meeting.

11. The Register of Directors and Key Managerial Personnel and their Shareholding, maintained under Section 170 & the Register of Contracts or Arrangements, if any, in which Directors are Interested, maintained under Section 189 of the Companies Act, 2013, will be available for

inspection by the members at the Registered Office of the Company and at the ensuing Annual General Meeting.

12. Pursuant to the provisions of the Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, members are entitled to make a nomination in respect of shares held by them in physical form. Members desirous of making a nomination are requested to send their requests in Form No. SH - 13 in duplicate (which will be made available on request), to the Registrar and Share Transfer Agent of the Company.
13. The Annual Report 2015-16 as circulated to the members of the Company is also available on the website of the Company at www.kifsfinance.com.
14. Voting through electronic means:
Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to exercise members' right to vote at the ensuing Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The facility for voting, either through electronic voting system or through ballot / polling paper shall also be made available at the venue of the ensuing Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.

15. The instructions for members for voting electronically are as under:

In case of members receiving e-mail:

- i. The voting period begins on Tuesday, August 16, 2016 (9:00 am IST) and ends on Thursday, August 18, 2016 (5:00 pm IST). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the record date, Friday, August 12, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Log on to the e-voting website www.evotingindia.com.
- iii. Click on "Members / Shareholders" tab.
- iv. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. For members holding shares in Physical Form should enter Folio Number registered with the Company.
- v. Next enter the Image Verification as displayed and Click on Login.
- vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the Image Verification Code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

- vii. If you are a first time user then follow the steps given below for login:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat members as well as physical members) Members who have not updated their PAN with the Company / Depository Participant are requested to use the sequence number mentioned on address slip / email pertaining to the notice of this Annual General Meeting.
Dividend Bank Details OR DOB	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the Depository or Company, please enter the Member id / Folio Number in the Dividend Bank Details field as mentioned in instruction (iv).

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used by the demat holders for voting for resolutions of any other Company also on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- x. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN (Electronic Voting Sequence Number) of M/s. KIFS Financial Services Limited.
- xii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the resolution and option NO implies that you dissent to the resolution.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire resolution details.
- xiv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take out print of the voting done by you by clicking on "CLICK HERE TO PRINT" option on the Voting page.

- xvii. If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xix. Note for Non-Individual Members and Custodians:
- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of account(s) should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.

- xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com. Further, contact details of the official responsible to address the grievances connected with voting by electronic means is as under:

Mr. Durgesh D. Soni
Company Secretary & Compliance Officer
KIFS Financial Services Limited

B – 81, Pariseema Complex,
C. G. Road, Ellisbridge,
Ahmedabad – 380006, Gujarat, India.
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Email: cs@kifs.co.in,
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16. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e. Friday, August 12, 2016. **Further, a person who is not a member as on the record date should treat this Notice for information purpose only. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the record date i.e. Friday, August 12, 2016, shall be entitled to exercise his / her vote either electronically i.e. remote e-voting or through the poll paper at the AGM by following the procedure mentioned in this part.**

17. The Company has appointed Mr. Jayendra Kanaiyalal Bhavsar, Proprietor of M/s. J. Bhavsar & Associates, Practicing Company Secretaries, Ahmedabad (ICSI Membership No.: 8004, Certificate of Practice No.: 6046), who in the opinion of the Board is a duly qualified person, as a Scrutinizer and he will scrutinize the voting processes in a fair and transparent manner.
18. The Scrutinizer shall, immediately after the conclusion of voting at the ensuing Annual General Meeting, first count votes cast at the meeting, thereafter unblock votes cast through remote e-voting in presence of at least two witnesses not in employment of the Company and make a Consolidated Scrutinizers' Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
19. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.kifsfinance.com and on the website of CDSL and shall also be communicated to the Bombay Stock Exchange within the time prescribed by the law.
20. The resolution shall be deemed to be passed on the date of the Annual General Meeting, subject to the same being passed with requisite majority.

MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

Additional information on Director(s) recommended for appointment / re-appointment as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In respect of Item No. 3

Mr. Rajesh P. Khandwala

Brief resume and nature of expertise

Mr. Rajesh P. Khandwala holding DIN: 00477673 aged around 52 years is a Commerce Graduate having experience of over two and half decades in capital market activities. Mr. Rajesh P. Khandwala joined KIFS Financial Services Limited in July 2010. Mr. Khandwala was then designated as a Managing Director of the Company in February 2013. Mr. Khandwala is well versed in the field of primary market, secondary market, mutual funds and arbitrage operations. He is keenly engaged in to the business development and controls key strategic aspects of the business at Ahmedabad, Gujarat, India.

Discloser of relationships between Directors inter-se

Relative of Mrs. Sonal R. Khandwala as being her spouse

Other Listed Companies in which Mr. Rajesh P. Khandwala holds Directorship and Committee membership as on May 24, 2016

Nil

Shareholding in the Company as on May 24, 2016

Nil

Explanatory Statement

In respect of Item No. 5

The Company is making all its business related transactions i.e. loan transactions with its related parties in the ordinary course of business and at arm's length basis. As per the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all material related party transactions require approval of the shareholders. Thus, the Board thinks fit to take a blanket / omnibus approval of the shareholders of the Company for all the related party transactions made / to be made in future whether or not in the Company's ordinary course of business or at arm's length basis.

Further, in terms of the Para 3 of Explanation (1) to Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, the particulars of transactions are as under:

Ref. No.	(a) Name of the Related Party	(b) Name of the Related Director / KMP	(c) Nature of Relationship	(d) Particulars of the Contracts / Arrangements
(1)	KIFS Trade Capital Private Limited	Rajesh P. Khandwala	Director	The transactions are being made and / or generally shall be made in the Company's ordinary course of business i.e. loan and / or service transactions. Further, the Company also grants for leasing and / or takes on lease properties of any kind to / from its related entities for its business purposes.
(2)	KIFS Commodities Private Limited	Rajesh P. Khandwala	Director	
(3)	Khandwala Finstock Private Limited	Sonal R. Khandwala	Director	
(4)	Khandwala Commercial Private Limited	Rajesh P. Khandwala	Director	
(5)	Khandwala Enterprise Private Limited	Group Company		
(6)	Aristo Traders Private Limited	Group Company		
(7)	KIFS Motors Private Limited	Rajesh P. Khandwala	Director	
(8)	KIFS Realty Private Limited	Group Company		
(9)	KIFS Housing Finance Private Limited	Rajesh P. Khandwala	Director	
(10)	KIFS Trading LLP	Group Entity		
(11)	Pinnacle Infraspace LLP	Group Entity		
(12)	Khandwala Trading LLP	Group Entity		
(13)	KIFS International LLP	Rajesh P. Khandwala	Designated Partner	
(14)	Khandwala & Zaveri Developers LLP	Group Entity		
(15)	SKZ Developers LLP	Group Entity		
(16)	Khandwala Tradelink Co. (Partnership Firm)	Group Entity		

Related Information of Shareholding as per Secretarial Standard – 2 are also shown hereunder:

Sr. No.	Name of the Related Director / KMP	Designation in KIFS Financial Services Limited	Shareholding / Capital Contribution Details in % as on March 31, 2016															
			Ref. No. (Entity names from above table)															
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1	Rajesh P. Khandwala	Director / KMP	-	0.005%	48.02%	49.11%	-	-	-	-	47.81%	-	-	-	33.33%	-	-	-
2	Sonal R. Khandwala	Director	-	-	3.84%	0.01%	-	-	-	-	-	-	-	-	-	-	-	-
3	Devang M. Shah	Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Dharmendra N. Soni	Director	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Bhavik J. Shah	CFO (KMP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Krupa N. Joshi ¹	CS (KMP)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ resigned w.e.f. May 4, 2016

The Board further assures that the Management of the Company either expressly or impliedly shall not enter into any related party transaction to take any personal benefit or to defeat interest of the Company. The Board further informs that nothing contained in the proposed resolution shall restrict the shareholders to review / revise the said approval.

Accordingly, the Board recommends passing of the resolution as set out in Item No. 5 by way of an ordinary resolution. None of the Directors, Key Managerial Personnel of the Company or their relatives except the holding of office as stated in the above table and their respective shareholdings therein, is in anyway, concerned or interested, financially or otherwise, in the said resolution.

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Website: www.kifsfinance.com

By order of Board of Directors
For **KIFS Financial Services Limited**

Rajesh P. Khandwala
(Chairman & Managing Director)
(DIN: 00477673)

Ahmedabad, May 24, 2016

Directors' Report

Dear members,

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations of the Company together with the Audited Financial Statement for the financial year ended on March 31, 2016.

1. Financial Summary

Particulars	(Rs. in Lacs except EPS)	
	2015-16	2014-15
Revenue from operations	714.47	380.78
Other income	0.13	0.01
Total income	714.60	380.79
Total expenditure	289.85	100.47
Profit / (Loss) before exceptional items & provision for tax	424.75	280.32
Exceptional items	0.00	0.00
Profit / (Loss) before tax	424.75	280.32
Provision for taxation	142.07	92.03
Net profit	282.68	188.29
EPS – Basic & Diluted (Rs.)	2.61	1.74

2. State of Company's Affairs

During the financial year under report, total income of the Company has increased to Rs. 714.60 Lacs as compared to Rs. 380.79 Lacs earned during the previous financial year showing an impressive growth of 87.66%. Profit before interest, depreciation and tax increased from Rs. 343.89 Lacs to Rs. 623.59 Lacs in the financial year ended on March 31, 2016. Net profit after tax increased by 50.13% attaining an amount of Rs. 282.67 Lacs. Net profit margin stands at 39.56% for the financial year under report. Overall your Company achieved a notable growth in both top and bottom lines of the financials for the financial year ended on March 31, 2016 and the Directors are optimistic to achieve newer heights in the upcoming years.

Considering the enhanced business during the financial year under report, the total expenditure has also reported an increase of 188.49% as compared to previous financial year. Further, the enhanced business resulted an increase of 181.94% in the short term borrowings and the same has impacted the financial cost by hiking the same by 207.28% as compared to the previous financial year ended on March 31, 2015.

The detailed analysis as to review of Company's operational and financial performance is given in the Management Discussion and Analysis Report.

3. Dividend

Considering both the improved financial performance of the Company and conservation of resources for future purposes, your Directors are desirous of rewarding the shareholders by sharing the profit in the form of increased dividend as compared to the previous financial year. In continuance of the earlier trends of cash dividends, the Board of Directors are pleased to recommend a final dividend of Rs. 0.75 (Seventy Five Paise Only) (i.e. 7.5%) per equity share of Rs. 10/- (Rupees Ten Only) each for the financial year ended on March 31, 2016. The final dividend recommended and declared for the financial year ended on March 31, 2015 was Rs. 0.50 (Fifty Paise Only) (i.e. 5%) per equity share of Rs. 10/- (Rupees Ten Only) each.

Further, the payment of dividend is subject to the approval of shareholders of the Company in the ensuing Annual General Meeting of the Company. The dividend, if declared at the ensuing Annual

General Meeting, will be paid to those shareholders whose names appear in the register of members as on the record date. The amount of final dividend shall be Rs. 81.135 Lacs and the dividend distribution tax shall be Rs. 16.52 Lacs.

4. Transfer to Reserves

The Company proposes to transfer Rs. 56.54 Lacs to the special reserve out of amount available for appropriations and an amount of Rs. 392.35 Lacs is proposed to be retained in the Statement of Profit and Loss.

5. Deposits

During the financial year ended on March 31, 2016, 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 January 31, 1998.

Further, being a Non-Deposit Taking Non-Banking Financial Company, the disclosures with respect to deposits, required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 read with the Companies (Acceptance of Deposits) Rules, 2014 and Section 73 of the Companies Act, 2013 are not applicable to it.

6. Share Capital

During the financial year under report, the Company has neither made any issue of equity shares with differential voting rights, sweat equity shares or under employee stock options scheme nor it has made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees.

7. Details of Subsidiary / Joint Venture / Associate Companies

The Company has not any subsidiary, joint venture or associate company.

8. Directors and Key Managerial Personnel (KMP)

Director retiring by rotation

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

Independent Directors

In terms of the definition of the Independent Director as prescribed under Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013, Mr. Devang M. Shah and Mr. Dharmendra N. Soni have been appointed as Non Executive Independent Directors on the Board of the Company.

The Independent Directors have submitted the declaration, confirming that they meet the criteria of independence as prescribed under both the provisions of the relevant laws.

Further, a separate meeting of Independent Directors of the Company was held on February 23, 2016 in accordance with the provisions of Clause VII of the Schedule IV of the Companies Act, 2013.

Woman Director

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Sonal R. Khandwala holds position of a Non Executive Woman Director of the Company.

All of the Directors of the Company have confirmed that they are not disqualified under provisions of Section 164 of the Companies Act, 2013 from being appointed / continue to hold position of Directors of the Company.

Key Managerial Personnel

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr. Bhavik J. Shah holds the position of Chief Financial Officer of the Company.

Subsequent to the closure of the financial year under report, Ms. Krupa N. Joshi resigned from the post of Company Secretary cum Compliance Officer of the Company w.e.f. May 4, 2016 and the Board at its meeting held on May 24, 2016 has appointed Mr. Durgesh D. Soni in her place as the Company Secretary and Compliance Officer of the Company.

The Board places on record its sincere appreciation for the valuable services rendered by Ms. Krupa N. Joshi during her tenure.

Remuneration Policy

The Company follows a policy on remuneration of Directors and Senior Management Employees. The policy has been approved by the Nomination & Remuneration Committee and the Board of Directors. More details on the same have been given in the Corporate Governance Report.

The policy on Remuneration of Directors, Key Managerial Personnel and Senior Employees can be accessed on website of the Company at following web link:

<http://kifsfinance.com/wp-content/uploads/2015/02/Nomination-Remuneration-policy-KIFS.pdf>

9. Number of meetings of the Board of Directors

The Board of Directors met four times during the financial year under report, the details of which have been given in the Corporate Governance Report. The intervening gap between any two Board meetings did not exceed 120 days, as prescribed under the provisions of the law(s).

10. Committees of the Board

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

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

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

11. Corporate Social Responsibility

During the financial year under report, your Company has not met the criteria laid down under the provisions of Section 135(1) of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and accordingly the provisions including but not limited up to constitution of Corporate Social Responsibility Committee and formulation / implementation of a policy on Corporate Social Responsibility are not applicable to the Company.

12. Performance evaluation of the Board

In accordance with the provisions of Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013, evaluation of performance of Independent Directors by the Non Independent Directors and review of performance of Non Independent Directors and the Board as a whole by the Independent Directors was made during the financial year under report. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company. This may be considered as a statement under provisions of Section 134(3)(p) of the Companies Act, 2013 and Rule 8(4) of the Companies (Accounts) Rules, 2014.

More details on the evaluation mechanism are given in the Corporate Governance Report.

13. Vigil Mechanism / Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism wherein the employees are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies, raise concerns against management and business practices, incorrect or misrepresentation of any financial statements and reports or any improper activity being negative in nature to the Chairman of the Audit Committee of the Company or Chairman of the Board. The Whistle Blower Policy has been appropriately communicated within the Company.

Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. No personnel have been denied access to the Audit Committee. The functioning of the Vigil mechanism is reviewed by the Audit Committee from time to time. The Vigil Mechanism / Whistle Blower Policy has been uploaded on website of the Company and can be accessed at following web link:

<http://kifsfinance.com/wp-content/uploads/2016/06/KIFS-FINANCIAL-Whistle-blower-policy-2016.pdf>

14. Statement of Development & Implementation of Risk Management Policy

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

15. Loans / Guarantees or Investment in Securities

Being a Non Banking Financial Company pursuing loan business in its ordinary course of business, the disclosures relating to the details of loans made, guarantees given, securities provided or subscription / acquisition of securities, pursuant to the provisions of Section 186(11) of the Companies Act, 2013 and Rule 11 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not required to be given.

16. Contracts or Arrangements with Related Parties

All related party transactions that were entered during the financial year under report were in the ordinary course of business of the Company and were on arm's length basis. There were no materially significant related party transactions entered by the Company with its Promoters, Directors, Key Managerial Personnel or other persons, which may have a potential conflict with the interest of the Company. All such related party transactions are being quarterly placed before the Audit Committee for its review. Omnibus approval has been obtained from the Audit Committee & Board of Directors for all the related party transactions (including transactions which are foreseen and repetitive in nature).

Since no material related party transactions were entered by the Company and all the transactions entered into by the Company with its related parties were in the ordinary course of business and on an arm's length basis, disclosure in the Form AOC-2 is not required to be given.

The Policy on Related Party Transactions as approved by the Board has been uploaded on the Company's website at the web link:

<http://kifsfinance.com/wp-content/uploads/2015/02/RPT-Policy-KIFS.pdf>

17. Internal Financial Control Systems and their adequacy

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Your Company has laid down set of standards, processes and structure which enable it to implement internal financial control systems across the organization and ensure that the same are adequate and operating effectively. Internal financial control systems of the Company provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting.

18. Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Extract of the Annual Return as at March 31, 2016, in the Form MGT – 9 is enclosed herewith as **Annexure 1**.

19. Disclosure as per the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The details as per Rule 5(1) of the aforesaid Rule are enclosed herewith as **Annexure – 2**.

20. Auditors

Statutory Auditors

M/s. Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad, Statutory Auditors of the Company were appointed at the 19th Annual General Meeting of the Company for a period of three years (including transitional period).

In accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules framed there under, the Board recommends the members to ratify their appointment up to the conclusion of next Annual General Meeting.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules framed thereunder, the Board has re-appointed the existing Secretarial Auditors of the Company, M/s. Anamika Jajoo & Co., Practicing Company Secretary, Ahmedabad for conducting the Secretarial Audit for the financial year ending on March 31, 2017.

Secretarial Audit Report issued by the Secretarial Auditor of the Company for the financial year ended on March 31, 2016 is attached to the Directors' Report as **Annexure – 3**.

Explanations or comments by the Board on qualification / reservation / adverse remark or disclaimer made by the Statutory Auditors in their Audit Report and by the Secretarial Auditor in her Secretarial Audit Report

Both the Statutory Auditors' Report and Secretarial Audit Report are self explanatory and no comment from the Board of Directors of the Company is required as no qualification, reservation or adverse remark or disclaimer is given by any of both of the Auditors of the Company.

Internal Auditors

In accordance with the provisions of Section 138 of the Companies Act, 2013 and Rules framed thereunder, your Company has appointed M/s. SMPK & Associates LLP, Ahmedabad, as the Internal Auditors of the Company in the Board meeting held on May 24, 2016 to conduct the internal audit of the functions and activities of the Company for the financial year ending on March 31, 2017.

21. Investment Advisory Business

With a view to having expansion of Company's present scope of operations, your Company has also got itself registered as an Investment Advisor under the SEBI (Investment Advisers) Regulations, 2013 vide Registration No. INA000001852 during the financial year ended on March 31, 2015. The said business is yet to be commenced by the Company.

22. Material changes and commitments affecting financial position of the Company

There are no material changes and commitments, affecting the financial position of the Company which have been occurred between the end of the financial year i.e. March 31, 2016 and the date of signing of the Directors' Report i.e. May 24, 2016. Further, no significant or material orders have been passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and / or the Company's operations in future.

23. Remuneration given to the Managing Director from Holding / Subsidiary Company

The Managing Director of the Company, Mr. Rajesh P. Khandwala also occupied the office of the Managing Director in the erstwhile Holding Company of the Company viz; M/s. KIFS Securities Private Limited (now amalgamated) and accordingly total managerial remuneration to the tune of Rs. 9,00,000/- (Rupees Nine Lacs Only) was paid to him from the aforesaid Holding Company. Apart from this, Mr. Rajesh P. Khandwala also received total Rs. 5,00,000/- (Rupees Five Lacs Only) towards managerial remuneration from your Company. The Company does not have any Subsidiary Company.

24. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

A policy under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been laid down and circulated to every employee of the Company so as to inform them about the redressal mechanism available to them against any kind of harassment. Your Directors state that during the financial year under report, there were no cases filed or complaint received from any employee pertaining to sexual harassment.

25. Listing

Presently, the equity share capital of your Company is listed at the Bombay Stock Exchange Limited (Scrip Code: 535566). The Company's equity shares are available for trading in demat form by all the 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 / Regulations and has duly paid the requisite Listing Fees to the Bombay Stock Exchange Limited.

26. Code of Conduct

The Board has laid down a Code of Conduct ("Code") for Board Members, Managerial Personnel and for Senior Management Employees of the Company. This Code has been posted on the Company's website at <http://kifsfinance.com/code-of-conduct-policy/>. All the Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration by the Managing Director to this effect forms part of the Corporate Governance Report.

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) and Schedule IV to the Companies Act, 2013 via terms and conditions for appointment of Independent Directors, which is a guide to professional conduct for Independent Directors and has been uploaded on the website of the Company at following web link:

<http://kifsfinance.com/wp-content/uploads/2013/03/Terms-of-appointment-of-Independent-Directors.pdf>

27. Corporate Governance

Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. A Report on Corporate Governance along with a Certificate from Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance, as stipulated under provisions of Regulation 34(3) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Report.

28. Management Discussion and Analysis Report

A detailed analysis of the Company's performance is made in the Management Discussion and Analysis Report, which forms part of this Annual Report.

29. Compliance with the Reserve Bank of India 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 the Reserve Bank of India from time to time.

30. Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

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

31. Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors, based on the representations received from the head of the various departments, and after due inquiry, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on March 31, 2016 and of the profit and loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

32. Acknowledgement

Your Directors take this opportunity to express their deep and sincere gratitude to the Clients, Customers and Shareholders of the Company for their trust and patronage, as well as to the various Bankers, Reserve Bank of India, Securities and Exchange Board of India, Bombay Stock Exchange, Government of India and other Regulatory Authorities for their continued co-operation, support and guidance.

For and on behalf of the Board of Directors

KIFS Financial Services Limited

Rajesh P. Khandwala

(Chairman & Managing Director)

(DIN: 00477673)

Ahmedabad, May 24, 2016

Annexure – 1

Form No. MGT-9

Extract of Annual Return

as on the financial year ended on March 31, 2016

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

I. Registration and Other Details

1	CIN	L67990GJ1995PLC025234
2	Registration Date	March 29, 1995
3	Name of the Company	KIFS Financial Services Limited
4	Category / Sub-Category of the Company	(Public Company Limited by Shares) Non Banking Financial Company
5	Address of the Registered Office and Contact Details	B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
6	Whether Listed Company Yes / No	Yes, Listed at Bombay Stock Exchange
7	Name, Address and Contact Details of Registrar and Transfer Agent, if any	M/s. Link Intime India Private Limited Unit No. 303, Shoppers Plaza V, Opp. Municipal Market, Off C. G. Road, Ahmedabad – 380009, Gujarat, India. Ph. No.: +91 79 26465179, Fax: +91 79 26465179, E-mail: ahmedabad@linkintime.co.in, Website: www.linkintime.co.in

II. Principal Business activities of the Company

All the business activities contributing 10 % or more of the total turnover of the Company are given below:

Sr. No.	Name and Description of Main Products / Services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Interest Income (IPO Retail Funding and Loan against Shares)	64990	94.98%

NIC Code - 2008

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares Held	Applicable Section
1	KIFS Securities Private Limited (upto December 28, 2015)	U65910GJ1995PTC084677	Holding Company	74.41%	2(46)
2	Khandwala Commercial Private Limited (w.e.f. December 29, 2015)	U74120GJ1995PTC080953	Holding Company	74.41%	2(46)

IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity) as at March 31, 2016

i. Category wise Shareholding

Category of Share Holders	No. of Shares held at beginning of the financial year - April 1, 2015				No. of Shares held at end of the financial year - March 31, 2016				% Change during the financial year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	-	-	-	-	-	-	-	-	-
b. Central Government	-	-	-	-	-	-	-	-	-
c. State Government(s)	-	-	-	-	-	-	-	-	-
d. Body Corporates	80,50,000	-	80,50,000	74.41%	80,50,000	-	80,50,000	74.41%	-
e. Bank / FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(1)	80,50,000	-	80,50,000	74.41%	80,50,000	-	80,50,000	74.41%	-
2. Foreign									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	-	-	-	-	-	-	-	-	-
d. Bank / FI	-	-	-	-	-	-	-	-	-
e. Any Other	-	-	-	-	-	-	-	-	-
Sub-Total-A-(2)	-	-	-	-	-	-	-	-	-
Total Share Holder of Promoters (1+2)	80,50,000	-	80,50,000	74.41%	80,50,000	-	80,50,000	74.41%	-
B. Public Shareholding									
1. Institution									
a. Mutual Funds	-	-	-	-	-	-	-	-	-
b. Bank / FI	-	-	-	-	-	-	-	-	-
c. Central Government	-	-	-	-	-	-	-	-	-
d. State Government(s)	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	-	-	-	-	-	-	-	-	-

Category of Share Holders	No. of Shares held at beginning of the financial year - April 1, 2015				No. of Shares held at end of the financial year - March 31, 2016				% Change during the financial year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
Sub-Total-B-(1)	-	-	-	-	-	-	-	-	-
2. Non-Institution									
a. Body Corporates	13,054	3,420	16,474	0.15%	10,316	3,420	13,736	0.13%	(0.03%)
b. Individual									
i. Individual shareholders holding nominal share capital upto Rs. 1 Lac*	1,33,242	2,71,500	4,04,742	3.74%	1,34,926	2,33,620	3,68,546	3.41%	(0.33%)
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lac*	23,29,644	13,860	23,43,504	21.66%	23,62,914	13,860	23,76,774	21.97%	0.31%
c. Others									
i. Clearing Member	3,280	-	3,280	0.03%	500	-	500	0.005%	(0.26%)
ii. NRI	-	-	-	-	196	-	196	0.002%	0.002%
iii. HUF*	-	-	-	-	8,248	-	8,248	0.08%	0.08%
Sub-Total-B-(2)	24,79,220	2,88,780	27,68,000	25.59%	25,17,100	2,50,900	27,68,000	25.59%	-
Net Total (1+2)	24,79,220	2,88,780	27,68,000	25.59%	25,17,100	2,50,900	27,68,000	25.59%	-
C. Shares held by Custodian for GDRs & ADRs									
a. Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
b. Public	-	-	-	-	-	-	-	-	-
Sub-Total-C	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,05,29,220	2,88,780	1,08,18,000	100.00%	1,05,67,100	2,50,900	1,08,18,000	100.00%	-

* Shareholding of HUF shareholders is included in the shareholding of individual shareholders as on beginning of the financial year i.e. on April 1, 2015

ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at beginning of the financial year- April 1, 2015			Shareholding at end of the financial year - March 31, 2016			% change in Shareholding during the financial year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / encumbered to Total Shares	
1	M/s. KIFS Securities Private Limited ¹	80,50,000	74.41%	-	-	-	-	(74.41%)
2	M/s. Khandwala Commercial Private Limited ²	-	-	-	80,50,000	74.41%	-	74.41%
	Total	80,50,000	74.41%	-	80,50,000	74.41%	-	-

¹ shares transferred on December 29, 2015

² shares purchased on December 29, 2015

iii. Change in Promoters Shareholding

Sr. No.	Name of the Shareholder	Shareholding at beginning of the financial year - April 1, 2015		Cumulative Shareholding during the year	
		No. of Shares	% of Total Share Capital of the Company	No. of Shares	% of Total Share Capital of the Company
1	M/s. KIFS Securities Private Limited at beginning of the year	80,50,000	74.41%	80,50,000	74.41%
	transferred on December 29, 2015	(80,50,000)	(74.41%)	-	-
	at end of the year			-	-
2	M/s. Khandwala Commercial Private Limited at beginning of the year	-	-	-	-
	purchased on December 29, 2015	80,50,000	74.41%	80,50,000	74.41%
	at end of the year			80,50,000	74.41%

iv. Shareholding Pattern of top 10 shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Shareholder	Shareholding at beginning of the financial year – April 1, 2015		Cumulative Shareholding during the year	
		No. of Shares	% of Total Share Capital of the Company	No. of Shares	% of Total Share Capital of the Company
1	Kaminiben R. Patel at beginning of the year at end of the year	2,76,120	2.55%	2,76,120 2,76,120	2.55% 2.55%
2	Gajjar Kalpesh at beginning of the year at end of the year	2,66,220	2.46%	2,66,220 2,66,220	2.46% 2.46%
3	Tejas Rohitkumar Shah jt. Vibhuti Tejas Shah at beginning of the year at end of the year	2,61,180	2.41%	2,61,180 2,61,180	2.41% 2.41%
4	Anjana Rajesh Vora at beginning of the year at end of the year	2,15,000	1.99%	2,15,000 2,15,000	1.99% 1.99%
5	Bharatkumar Suresh Bhatt at beginning of the year at end of the year	2,15,000	1.99%	2,15,000 2,15,000	1.99% 1.99%
6	Sanjay C. Agrawal at beginning of the year at end of the year	2,15,000	1.99%	2,15,000 2,15,000	1.99% 1.99%
7	Janmajay Virendra Gandhi at beginning of the year at end of the year	1,19,000	1.10%	1,19,000 1,19,000	1.10% 1.10%
8	Kishor Pranjiwandas Mandaliya at beginning of the year at end of the year	1,15,000	1.06%	1,15,000 1,15,000	1.06% 1.06%
9	Suresh D. Majithia at beginning of the year at end of the year	1,15,000	1.06%	1,15,000 1,15,000	1.06% 1.06%
10	Hasmukh Dipchand Majithia at beginning of the year at end of the year	1,00,000	0.92%	1,00,000 1,00,000	0.92% 0.92%
11	Mandalia Vipulkumar Zaverilal at beginning of the year at end of the year	1,00,000	0.92%	1,00,000 1,00,000	0.92% 0.92%

* No change was there in the shareholding of top ten shareholders during the financial year under report

v. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Shareholder	Shareholding at beginning of the financial year – April 1, 2015		Cumulative Shareholding during the year	
		No. of Shares	% of Total Share Capital of the Company	No. of Shares	% of Total Share Capital of the Company
1	Rajesh P. Khandwala				
	at beginning of the year	-	-	-	-
2	Sonal R. Khandwala				
	at beginning of the year	-	-	-	-
3	Devang M. Shah				
	at beginning of the year	-	-	-	-
4	Dharmendra N. Soni				
	at beginning of the year	180	0.002%	180	0.002%
5	Bhavik J. Shah				
	at beginning of the year	-	-	-	-
6	Krupa N. Joshi ¹				
	at beginning of the year	-	-	-	-

¹ Resigned w.e.f. May 4, 2016

V. Indebtedness

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

(Rs. in Lacs)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year - April 1, 2015				
1) Principal amount	-	2,333.50	-	2,333.50
2) Interest due but not paid	-	53.11	-	53.11
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	-	2,386.61	-	2,386.61
Change in Indebtedness during the financial year				
+Addition	361.03	5,893.23	-	6,254.26
- Reduction	-	1,911.99	-	1,911.99
Net change	361.03	3,981.24	-	4,342.27
Indebtedness at the end of the financial year - March 31, 2016				
1) Principal amount	361.03	6,252.52	-	6,613.55
2) Interest due but not paid	-	115.33	-	115.33
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	361.03	6,367.85	-	6,728.88

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-Time Directors and / or Manager

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Mr. Rajesh P. Khandwala (Managing Director)
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	6,00,000 - -
2	Stock Option	-
3	Sweat Equity	-
4	Commission -as % of profit - other, specify...	-
5	Others, specify...	-
	Total (A)	6,00,000
	Ceiling as per the Act	5% of the Profit of the Company calculated as per Section 198 of the Companies Act, 2013: Rs. 21.54 Lacs

B. Remuneration to Other Directors

(Amount in Rs.)

Particulars of Remuneration	Name of Directors			Total Amount
	Non Executive Director	Non Executive Independent Directors		
	Mrs. Sonal R. Khandwala	Mr. Devang M. Shah	Mr. Dharmendra N. Soni	
Fee for attending Board / Committee meetings	-	40,000	40,000	80,000
Commission	-	-	-	-
Others	-	-	-	-
Total (B)	-	40,000	40,000	80,000
Total Managerial Remuneration	Rs. 6,00,000/- to the Managing Director and Rs. 80,000/- to the Non Executive Independent Directors			
Overall ceiling as per the Act	11% of the Profit of the Company calculated as per Section 198 of the Companies Act, 2013: Rs. 47.38 Lacs			

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

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
		Mr. Bhavik J. Shah	Ms. Krupa N. Joshi ¹	
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	3,14,015	4,48,290	7,62,305
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission -as % of profit - other, specify...	-	-	-
5	Others, specify...	-	-	-
	Total	3,14,015	4,48,290	7,62,305

¹ Resigned w.e.f. May 4, 2016

VII. Penalties / Punishment / Compounding of Offences: Nil

For and on behalf of the Board of Directors
KIFS Financial Services Limited

Rajesh P. Khandwala
(Chairman & Managing Director)
(DIN: 00477673)
Ahmedabad, May 24, 2016

Annexure – 2

Disclosure as per Section 197(12) of the Companies Act, 2013 & Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Particulars	Disclosure		
(i)	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Director's Name		Ratio to median remuneration of the employees
		Mr. Rajesh P. Khandwala - MD		2.80:1
		Mrs. Sonal R. Khandwala		Nil
		Mr. Devang M. Shah		Nil
		Mr. Dharmendra N. Soni		Nil
(ii)	Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Director / CFO / CS		Percentage Increase
		Mr. Rajesh P. Khandwala - MD		Nil
		Other Directors		Nil
		Mr. Bhavik J. Shah - Chief Financial Officer		9.23%
		Ms. Krupa N. Joshi - Company Secretary ¹		7.59%
(iii)	Percentage increase in the median remuneration of employees in the financial year	32%		
(iv)	Number of permanent employees on the rolls of Company as on March 31, 2016	7		
(v)	Explanation on the relationship between average increase in remuneration and Company performance	The total income growth during the financial year 2015-16 over financial year 2014-15 was 87.66%. Profit before tax for the financial year 2015-16 has increased by 51.52% as compared to financial year 2014- 15. Profit after tax has increased by 50.13% for the same periods. The average increase in remuneration is associated with and driven by achievement of goals and overall business, financial and operational performance of the Company.		
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	During the financial year under report, the total remuneration to KMPs were Rs. 13.62 Lacs which works out to 4.82% of the net profit of the Company i.e. Rs. 282.67 Lacs.		
(vii)	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase	Details	March 31, 2016	March 31, 2015
		Market Capitalization	Rs. 37.27 Crores	Rs. 28.13 Crores
		Price Earnings Ratio	13.20	14.94

Sr. No.	Particulars	Disclosure																			
	over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of Listed Companies, and in case of Unlisted Companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year	% increase / (decrease) of market quotations		The stock price of the Company as on March 31, 2016 was Rs. 34.45 which shows increase of 81.32% to the last preferential allotment rate of Rs. 19/-.																	
(viii)	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase in the salaries of employees other than Managerial Personnel in the financial year was 32% whereas increase in managerial remuneration was nil.																			
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	<table border="1"> <thead> <tr> <th data-bbox="598 1435 874 1686">Name & Designation of KMP</th> <th data-bbox="874 1435 1043 1686">Remuneration of KMP (Rs. in Lacs)</th> <th data-bbox="1043 1435 1216 1686">Performance of the Company / NPAT (Rs. in Lacs)</th> <th data-bbox="1216 1435 1415 1686">Remuneration of KMP in comparison with performance of the Company</th> </tr> </thead> <tbody> <tr> <td data-bbox="598 1686 874 1765">Mr. Rajesh P. Khandwala - MD</td> <td data-bbox="874 1686 1043 1765">6.00</td> <td data-bbox="1043 1686 1216 1765">282.67</td> <td data-bbox="1216 1686 1415 1765">2.12%</td> </tr> <tr> <td data-bbox="598 1765 874 1877">Mr. Bhavik J. Shah - Chief Financial Officer</td> <td data-bbox="874 1765 1043 1877">3.14</td> <td data-bbox="1043 1765 1216 1877">282.67</td> <td data-bbox="1216 1765 1415 1877">1.11%</td> </tr> <tr> <td data-bbox="598 1877 874 1951">Ms. Krupa N. Joshi - Company Secretary¹</td> <td data-bbox="874 1877 1043 1951">4.48</td> <td data-bbox="1043 1877 1216 1951">282.67</td> <td data-bbox="1216 1877 1415 1951">1.58%</td> </tr> </tbody> </table>	Name & Designation of KMP	Remuneration of KMP (Rs. in Lacs)	Performance of the Company / NPAT (Rs. in Lacs)	Remuneration of KMP in comparison with performance of the Company	Mr. Rajesh P. Khandwala - MD	6.00	282.67	2.12%	Mr. Bhavik J. Shah - Chief Financial Officer	3.14	282.67	1.11%	Ms. Krupa N. Joshi - Company Secretary ¹	4.48	282.67	1.58%			
Name & Designation of KMP	Remuneration of KMP (Rs. in Lacs)	Performance of the Company / NPAT (Rs. in Lacs)	Remuneration of KMP in comparison with performance of the Company																		
Mr. Rajesh P. Khandwala - MD	6.00	282.67	2.12%																		
Mr. Bhavik J. Shah - Chief Financial Officer	3.14	282.67	1.11%																		
Ms. Krupa N. Joshi - Company Secretary ¹	4.48	282.67	1.58%																		
(x)	The key parameters for any variable component of remuneration availed by the Directors	Not applicable since no other payment or commission based on net profit is being paid to the Directors.																			

Sr. No.	Particulars	Disclosure
(xi)	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	None
(xii)	Affirmation that the remuneration is as per the remuneration policy of the Company	The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

¹ Resigned w.e.f. May 4, 2016

For and on behalf of the Board of Directors
KIFS Financial Services Limited

Rajesh P. Khandwala
(Chairman & Managing Director)
(DIN: 00477673)

Ahmedabad, May 24, 2016

Annexure – 3

FORM MR -3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
KIFS Financial Services Limited
(CIN: L67990GJI995PLC025234)
B – 81, Pariseema Complex,
C. G. Road, Ellisbridge,
Ahmedabad – 380006, Gujarat, India.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KIFS Financial Services Limited** (hereinafter called “the company”) for the audit period covering the financial year ended on March 31, 2016. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- I. The Company is a “Loan Company” engaged in the business of Non-Banking Financial Institution as defined in Section 45I (a) of the Reserve Bank of India Act, 1934.
- II. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2016, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) The Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; and
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

I have also examined compliance of the following to the extent applicable:

- (i) The Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (j) The Listing Agreements entered into by the Company with Bombay Stock Exchange.

III. I further report that:

- (i) The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding;
- (ii) The Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed there under by the Depositories with regard to dematerialization / re-materialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company;
- (iii) The Company has, in my opinion, complied with the provisions of the Companies Act, 1956, Companies Act, 2013 and the Rules made under that Act as notified by the Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company;
- (iv) The Company has complied with the requirements under the Equity Listing Agreements entered into with Bombay Stock Exchange Limited; and
- (v) The Company has complied with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

IV. I further report that:

- (i) The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- (ii) The Company has not introduced ESOP / ESPS Schemes, therefore it does not require to comply with the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- (iii) There are no FDI transactions in the Company. Therefore, the Company does not require complying with the relevant provisions of the FEMA, 1999 and the Rules and Regulations made under that FEMA Act, to the extent it is applicable;

- (iv) The Company has not bought back equity shares of the Company, during the period; therefore, the compliance of the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise; and
 - (v) The Company has not delisted any of its securities, during the period, therefore, the compliance of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; does not arise.
- V. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors and Independent Directors;
 - (ii) Adequate notice is given to all the Directors to conduct the Meetings of Board and its Committees. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting;
 - (iii) Majority decision is considered while the dissenting members' views are captured and recorded as part of the minutes;
 - (iv) The Company has obtained all necessary approvals under the various provisions of the Act;
 - (v) There were no prosecution initiated and no fines or penalties imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers; and
 - (vi) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Managerial Personnel.
- VI. With reference to the compliance of Industry Specific Acts of the Company, the Company being a NBFC Company, have complied with the Reserve Bank of India Guidelines for NBFC Company and filed necessary returns periodically.
- VII. Based on the information received and the records maintained, there are adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- VIII. During the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Anamika Jajoo & Co.**,
Practicing Company Secretary

Anamika Jajoo
(Proprietor)
C. P. No.: 13859
ACS No.: 20918

Ahmedabad, May 24, 2016

Note: This report is to be read with our letter of even date which is annexed as ANNEXURE-I and forms an integral part of this report.

Annexure I

To,
The Members,
KIFS Financial Services Limited
(CIN: L67990GJI995PLC025234)
B – 81, Pariseema Complex,
C. G. Road, Ellisbridge,
Ahmedabad – 380006, Gujarat, India.

Our report of even date is to be read along with this letter:

- I. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- II. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- III. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- IV. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- V. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- VI. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Anamika Jajoo & Co.**,
Practicing Company Secretary

Anamika Jajoo
(Proprietor)
C. P. No.: 13859
ACS No.: 20918

Ahmedabad, May 24, 2016

Management Discussion and Analysis Report

The Company is a Non Deposit Taking Non Banking Financial Company registered with the Reserve Bank of India under the category of Loan Company. The principle business of the Company consists of Loans against shares, IPO / FPO retail applications funding and margin trading. As a part of business expansion, the Company is proposing to enter into the business of Investment Advisory and has got itself registered with the Securities and Exchange Board of India.

I. Industry Structure and Developments

Non Banking Financial Companies (NBFCs) form an integral part of the Indian financial system. They play an important role in nation building and financial inclusion by complementing the banking sector in reaching out credit to the unbanked segments of society, which form the cradle of entrepreneurship and innovation. NBFCs' ground-level understanding of their customers' profile and their credit needs gives them an edge, as does their ability to innovate and customise products as per their clients' needs. This makes them the perfect conduit for delivering credit to the various customers.

The NBFC sector in India has undergone a significant transformation over the past few years. It has come to be recognized as one of the systemically important components of the financial system and has shown consistent year-on-year growth. Further, NBFCs play a critical role in the core development of infrastructure, transport, employment generation, wealth creation opportunities and financial support for economically weaker sections.

We believe that strong urban demand and an increase in credit penetration will continue to drive the growth in the consumer finance segment. Driven by higher disposable incomes through increased effectiveness of government schemes and the 7th Pay Commission, we remain confident of healthy growth in the consumer finance segment.

II. Opportunities and Threats

The Board feels that the biggest opportunities available to any organization are attainable actions that it have not yet taken, or maximized. Financially speaking, these opportunities may include increased income and investments; debt and interest reduction and positive industry trends. While difficult at first, one almost always can find opportunities when he really thinks about all of the directions he could take his finances. However, one should not necessarily pursue the most lucrative opportunity. You may have a better chance leveraging your strengths to pursue the best fit. The other opportunities include low cost & efficient labour force, strong managerial capabilities, strong globalised industries & emerging global competitiveness, untapped rural demand etc.

The entity compiles all of the threats, or factors that threaten its financial situation. These are external forces over which the entity may not always have control. The Board determines does the Company offer lower prices / interest rates, better service or a greater selection of products and also considers what the competitors do better? The Board further determines which ones pose the greatest threat to the business of the Company and finds ways to counteract them. The Board follows mindset that since one could never prevent every single threat, instead he must seek to mitigate as many of these risks as possible. The threats coming into the way of business of the Company mainly include high rates of taxes, market fluctuation, global slowdowns affecting Indian economy, competitions, governance issues etc.

III. Segment-wise / Product-wise Performance

The Company is engaged in single segment of finance and thus separate segment wise performance details can't be given. As for the product wise performance, the Board wish to inform that the margin funding income has shown an increase of 66.10% over the previous financial year. For the financial year ended on March 31, 2016, the interest income from IPO / FPO funding stands at Rs.

8,31,046/- which is 297.26% higher than that as of March 31, 2015. Interest income from loan against shares was also increased by 163.61% i.e. from Rs. 1,04,53,621/- to Rs. 2,75,56,310/- during the financial year under report.

IV. Outlook

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). According to the Economic Survey 2015-16, the Indian economy will continue to grow more than 7 per cent in 2016-17.

The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong government reforms, RBI's inflation focus supported by benign global commodity prices.

India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen.

According to IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years.

V. Risks and Concerns

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

Keep the risk one step behind

The Company has laid down a well-defined risk management mechanism covering the risk mapping & trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risks. The management periodically reviews the risk and suggests steps to be taken to control and mitigate the same through a properly defined framework. In line with the new regulatory requirements, the Company has formally framed a Risk Management Policy to identify and assess the key risk areas, to monitor and report compliance and effectiveness of the policy and procedure.

VI. Internal Control Systems and their adequacy

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

The internal control system of the Company is supported by an internal audit process conducted by the Internal Auditor of the Company who reviews the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures.

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

The main purposes of the Internal Control Systems are:

- assurance about the fact that the transactions are recorded in proper manner and under proper heads;
- automatic and independent checking of transactions so as to ensure their validity;
- to check and assure the compliance of various enactments like corporate laws, tax laws etc; and
- to prevent and early detection of frauds and malpractices, if any.

VII. Financial performance with respect to operational performance

The overall financial performance of the Company during the financial year ended on March 31, 2016 is simplified in tabular form as under:

Sr. No.	Particulars	March 31, 2016 (Rs. in Lacs)	March 31, 2015 (Rs. in Lacs)	% Increase / (Decrease)
1	Total Revenue	714.60	380.79	87.66%
2	Profit before Interest, Depreciation and Tax	623.59	343.89	81.33%
3	Depreciation	4.15	0.22	1,828.44%
4	Finance Cost	194.70	63.36	207.28%
5	Tax	142.07	92.03	54.38%
6	Profit after Tax	282.67	188.29	50.13%
7	Net Profit Margin (%)	39.56%	49.45%	(20.00%)
8	EPS (Basic and Diluted) (Amount in Rs.)	2.61	1.74	50.00%

Operating Profit to the Turnover Margin as at financial year ended on March 31, 2016 stands at 86.67%.

VIII. Human Resources / Industrial Relations

At KIFS Financial Services Limited, we ensure to provide environment for continuous innovation and improvement by rewarding the employees for the dedicated efforts made by them in achieving Company's goals. We believe whatever we achieved from where we started our journey long back is the result of efforts of our team and thus we consistently aim to provide a sustainable environment for learning right from the stage of recruitment to retention.

To accomplish the same, we have drawn up a long term strategy to nurture human potential within organization by retaining and grooming them and by attracting requisite talent from outside to focus on filling gaps across all levels of the organization.

We continuously strive to attract and retain the best talent from the local markets; clearly define their roles and responsibilities; include them into robust performance management systems; create an inspiring and rewarding work environment; engage them into an inclusive work place; impart training and create development opportunities for increasing employee knowledge and efficiency to make them future ready and to create career opportunities.

To keep abreast with changing environment and new skills, the employees are being provided regular training in their respective fields of work. Your Company believes in investing in people development and process improvements, aligned with Company's visions and values. The industrial relations with employees of the Company during the period under report remained cordial.

Further, your Company is an equal opportunity employer and is committed to ensure that the work environment is conducive to fair, safe and harmonious. It strongly believes in maintaining the dignity of all its employees, irrespective of their gender or seniority. Discrimination and harassment of any type is strictly prohibited. The number of employees employed as on March 31, 2016 were 7.

Cautionary Statement

Certain statements in this Annual Report including the Management Discussion and Analysis Report describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategies. The Company does not undertake to update these statements.

Corporate Governance Report

I. Company's Philosophy on Code of Corporate Governance

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

II. Board of Directors

a. Composition of the Board





















During the financial year ended on March 31, 2016, the Board of the Company was constituted with four Directors. The Board is mainly headed by Mr. Rajesh P. Khandwala who is Chairman & Managing Director of the Company. The Independent Directors on the Board are experienced, competent and reputed persons from their respective fields. The Independent Directors take active part at the Board and Committee Meetings, which adds vision, strategic direction and value in the decision making process of the Board of Directors. During the financial year and as at March 31, 2016, the composition of Board is given herein below:


- Mr. Rajesh P. Khandwala (Executive Chairman, Whole Time, Non Independent Director)
- Mrs. Sonal R. Khandwala (Non Executive, Non Independent Director)
- Mr. Devang M. Shah (Non Executive, Independent Director)
- Mr. Dharmendra N. Soni (Non Executive, Independent Director)

b. Attendance of each Director at the Board Meetings and at the last Annual General Meeting

The Board meets at least once a quarter to review the quarterly financial results and operations of your Company. In addition, the Board has also constituted a managing committee to look after other managerial affairs of the Company when it is not feasible to the Board to convene a meeting.

Attendance of each Director at the Board Meetings and at the last 20th Annual General Meeting (held on September 4, 2015) is as under:

Sr. No.	Name of Director	Dates of Board Meetings and Attendance				20 th AGM
		May 28, 2015	August 13, 2015	November 9, 2015	February 9, 2016	
1	Mr. Rajesh P. Khandwala					
2	Mrs. Sonal R. Khandwala					
3	Mr. Devang M. Shah					
4	Mr. Dharmendra N. Soni					

 Denotes attendance

c. Number of other Board of Directors or Committees in which a Director is a Member or Chairperson

Sr. No.	Name of Director	Relationship Interse Directors	No. of other Directorships (Other than KIFS Financial Services Limited)	No. of Board Committees (Other than KIFS Financial Services Limited)*	
				Chairman	Member
1	Mr. Rajesh P. Khandwala	Related to Mrs. Sonal R. Khandwala as being her husband	5	-	-
2	Mrs. Sonal R. Khandwala	Related to Mr. Rajesh P. Khandwala as being his wife	1	-	-
3	Mr. Devang M. Shah	-	-	-	-
4	Mr. Dharmendra N. Soni	-	-	-	-

* Chairmanships and Memberships of only Statutory Committees like Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee have been included.

d. Number and Dates of Board Meetings held

Please refer Point b. above

e. Disclosure of relationships between Directors inter-se

Please refer Point c. above

f. Number of Equity Shares and Convertible Instruments held by the Non Executive Directors

Sr. No.	Name of the Non Executive Director	No. of Equity Shares held as on March 31, 2016	No. of Convertible Instruments held as on March 31, 2016
1	Mrs. Sonal R. Khandwala	-	Not issued by the Company
2	Mr. Devang M. Shah	-	
3	Mr. Dharmendra N. Soni	180	

g. Web link of details of Familiarization Programmes imparted to the Independent Directors

Following is the web link of the familiarization programmes imparted to the Independent Directors of the Company:

<http://kifsfinance.com/independent-directors-familiarization-program/>

III. Audit Committee**a. Brief Description of Terms of Reference**

The terms of reference of the Audit Committee are very wide. The Audit Committee reviews the matters falling in its terms of reference and addresses larger issues and examines those facts that could be of vital concerns to the Company. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. It is authorized to, inter alia, review and monitor the Auditor's independence and performance, effectiveness of the audit process, oversight the Company's financial reporting process and the disclosure of its financial

information, reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with its related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems etc.

The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and Internal Auditors and to recommend a change in the Auditors, if felt necessary. It is also empowered to review the Management Discussion and Analysis of financial conditions and results of operations and statement of significant related party transactions. Further, the Committee is also authorized to oversee the functioning of the Whistle Blower Policy / Vigil Mechanism.

Generally all the items listed in Section 177(4) of the Companies Act, 2013 and Point A. of Part C of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are covered under the role of the Audit Committee. The Audit Committee has been granted powers as prescribed under provisions of the Regulation 18(2)(c) of the aforesaid Regulations and reviews all the information as prescribed in Point B. of the Part C of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

b. Composition of the Audit Committee

During the financial year under report and as at March 31, 2016, following Directors were the members of the Audit Committee:

- Mr. Devang M. Shah (Committee Chairman, Non Executive, Independent Director)
- Mr. Dharmendra N. Soni (Committee Member, Non Executive, Independent Director)
- Mr. Rajesh P. Khandwala (Committee Member, Executive, Whole Time, Non Independent Director)

All members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls. Mr. Durgesh D. Soni, Company Secretary & Compliance Officer act as Secretary of the Committee.

c. Meetings and Attendance

During the financial year ended on March 31, 2016, four meetings of the Audit Committee were held on (i) May 28, 2015, (ii) August 13, 2015, (iii) November 9, 2015 and (iv) February 9, 2016.

All the three members of the Audit Committee had attended all the Audit Committee Meetings during the financial year under report.

IV. Nomination and Remuneration Committee

a. Brief Description of Terms of Reference

The constitution and the terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of section 178(1) of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The role of the Nomination and Remuneration Committee is to establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record and integrity, and recommend candidates for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company.

According to the provisions of Point A. of Part D of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the roles / terms of reference of the Nomination and Remuneration Committee include:

- formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- devising a policy on diversity of Board of Directors;
- identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal; and
- whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

b. Composition of the Nomination and Remuneration Committee

During the financial year under report and as at March 31, 2016, following Directors were the members of the Nomination and Remuneration Committee:

- Mr. Devang M. Shah (Committee Chairman, Non Executive, Independent Director)
- Mr. Dharmendra N. Soni (Committee Member, Non Executive, Independent Director)
- Mrs. Sonal R. Khandwala (Committee Member, Non Executive, Non Independent Director)

Mr. Durgesh D. Soni, Company Secretary & Compliance Officer act as Secretary of the Committee.

c. Meetings and Attendance

During the financial year ended on March 31, 2016, only one meeting of the nomination and Remuneration Committee was held with unanimous presence.

d. Performance evaluation criteria for Independent Directors

The performance evaluation of the Independent Directors of the Company is made on the basis of their presence in the Board and Committee meetings, their approach of implementation of activities of Independent Directors' Familiarization Programmes, their suggestions and advices for the betterment of business of the Company, taking active part in the formulation of future plans of the Company and performing the duties as entrusted by the provisions of the law and from the Board of Directors, from time to time etc.

V. Remuneration of the Directors

a. Pecuniary relationship or transactions of the Non Executive Directors *vis-à-vis* Company

During the financial year under report, the Company has compensated the Non Executive Independent Directors by way of paying them sitting fees for attending the Board and Audit Committee Meetings. Apart from above, no transaction for payment of any sum has been made with Non Executive Directors *vis-à-vis* your Company.

b. Criteria for making payments to the Non Executive Directors

The criteria of making payments to the Non Executive Directors is enumerated in the Nomination and Remuneration Policy adopted by the Board and uploaded on the website of the Company at the web link given below:

<http://kifsfinance.com/wp-content/uploads/2015/02/Nomination-Remuneration-policy-KIFS.pdf>

c. Remuneration of Directors

(Amount in Rs.)

Sr. No.	Name of the Director	Basic Salary* / Sitting Fee [#]	Other Benefits	Stock Option & Pensions	Fixed and Performance linked incentives	Stock Options	Total
1	Mr. Rajesh P. Khandwala	6,00,000*	-	-	-	-	6,00,000
2	Mrs. Sonal R. Khandwala	-	-	-	-	-	-
3	Mr. Devang M. Shah	40,000 [#]	-	-	-	-	40,000
4	Mr. Dharmendra N. Soni	40,000 [#]	-	-	-	-	40,000
	Total	6,80,000	-	-	-	-	6,80,000

Further, none of the Directors has been appointed on service contract basis. The notice period and severance fees are decided based on the mutual understandings between the Board members from time to time.

VI. Stakeholders' Grievance Committee

As on March 31, 2016, the Committee was constituted with the following members:

- Mr. Dharmendra N. Soni (Committee Chairman, Non Executive, Independent Director)
- Mr. Devang M. Shah (Committee Member, Non Executive, Independent Director)
- Mr. Rajesh P. Khandwala (Committee Member, Executive, Whole Time, Non Independent Director)

Subsequent to the resignation received from Ms. Krupa N. Joshi and appointment of Mr. Durgesh D. Soni for the post of Company Secretary, Mr. Durgesh D. Soni acts as Secretary of the Committee w.e.f. May 24, 2016. Mr. Durgesh D. Soni has also been designated as Compliance Officer of the Company, pursuant to the provisions of Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Four meetings of the Stakeholders' Grievance Committee were held during the financial year under report with unanimous presence.

During the financial year ended on March 31, 2016, the Company, its Stakeholders' Grievance Committee and its Registrar and Share Transfer Agent have not received any shareholder's complaint.

VII. General Body Meetings**a. Dates, time and places of last three Annual General Meetings (AGMs)**

AGM	Date	Time	Place
20 th AGM for the financial year 2014-15	Friday, September 4, 2015	12:00 pm	Registered Office: B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
19 th AGM for the financial year 2013-14	Saturday, September 6, 2014	2:00 pm	Registered Office: B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
18 th AGM for the financial year 2012-13	Friday, August 2, 2013	4:00 pm	Registered Office: B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.

b. Special Resolution(s) passed in the previous three Annual General Meetings

AGM	Particulars of Special Resolutions passed
20 th AGM for the financial year 2014-15	At the Annual General Meeting: None Via Postal Ballot and deemed to be passed at the Annual General Meeting: <ul style="list-style-type: none"> Alteration in Main Object Clause of the Memorandum of Association of the Company Authority to the Board of Directors of the Company for Creation of Charge / Mortgage on the Asset of the Company
19 th AGM for the financial year 2013-14	Nil
18 th AGM for the financial year 2012-13	Nil

c. Special Resolution(s) passed last year through Postal Ballot

Please refer Point b. above. Details relating to the voting pattern are given below:

- Alteration in Main Object Clause of the Memorandum of Association of the Company**

Promoter / Public	No. of shares held	No. of votes polled*	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6)= [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	80,50,000	80,50,000	100%	80,50,000	-	100%	-
Public	27,68,000	14,03,795	50.72%	14,03,795	-	100%	-

No. of Votes Invalid: Nil

- Authority to the Board of Directors of the Company for Creation of Charge / Mortgage on the Asset of the Company**

Promoter / Public	No. of shares held	No. of votes polled*	% of Votes Polled on outstanding shares	No. of Votes - in favour	No. of Votes - against	% of Votes in favour on votes polled	% of Votes against on votes polled
	(1)	(2)	(3)= [(2)/(1)]*100	(4)	(5)	(6)= [(4)/(2)]*100	(7)= [(5)/(2)]*100
Promoter and Promoter Group	80,50,000	80,50,000	100%	80,50,000	-	100%	-
Public	27,68,000	14,03,795	50.72%	14,03,795	-	100%	-

No. of Votes Invalid: Nil

d. Persons who conducted postal ballot exercise

Mr. Jayendra K. Bhavsar, Proprietor of M/s. J. Bhavsar & Associates, Practicing Company Secretaries, Ahmedabad, was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Further, none of the resolutions has been proposed to be conducted through postal ballot in the ensuing Annual General Meeting.

VIII. Means of Communication

The Annual, Half Yearly and Quarterly financial results of the Company and other Notices are submitted to the Bombay Stock Exchange in accordance with the provisions of the Listing Regulations and the same are generally being published in the Indian Express – English Language and Financial Express – Gujarati Vernacular Language newspapers. The results and other notices are simultaneously posted on the Company website also i.e. www.kifsfinance.com. The official news releases, as & when given, are displayed at the website of the Company.

IX. General Shareholder Information**a. Annual General Meeting**

Date	:	Friday, August 19, 2016
Time	:	12:00 noon
Venue	:	Registered Office KIFS Financial Services Limited B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
Book Closure Date	:	Saturday, August 13, 2016

b. Financial Year

Financial Year	:	April 1 to March 31
Tentative Calendar	:	

First Quarter Result	Within 45 days from closure of Quarter ending on June 30, 2016
Second Quarter / Half Yearly Result	Within 45 days from closure of Quarter / Half Year ending on September 30, 2016
Third Quarter Result	Within 45 days from closure of Quarter ending on December 31, 2016
Results for the financial year ending on March 31, 2017	Within 60 days from closure of Financial Year / Quarter ending on March 31, 2017

c. Dividend Payment Dates

The final dividend, if declared for the financial year ended on March 31, 2016, in the ensuing Annual General Meeting shall be paid on or after Thursday, August 25, 2016.

d. Listing of Securities

During the financial year under report, the equity shares of the Company were listed on the Bombay Stock Exchange situated at P. J. Towers, Dalal Street, Mumbai – 400001, Maharashtra, India. Your Company has paid the listing fees to the Bombay Stock Exchange for the financial year ended on March 31, 2016 as well as financial year ending on March 31, 2017.

e. Scrip / Stock Code

BSE	:	535566
ISIN	:	INE902D01013

f. Market Price Data of the Equity Shares of the Company

(Source: Bombay Stock Exchange Portal)

Months	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume (No. of Shares)
2015				
April	24.70	21.45	21.45	3,710
May	23.15	21.00	23.10	823
June	23.10	21.20	21.20	720
July	26.65	21.00	26.60	431
August	28.00	25.30	25.30	5,007
September	27.85	22.25	22.25	2,155
October	28.25	23.20	24.35	4,661
November	25.55	25.00	25.00	1,001
December	26.25	22.70	26.25	80,71,977
2016				
January	34.10	27.30	34.10	7,338
February	37.90	34.15	36.05	2,214
March	34.45	34.25	34.45	1,012

g. Performance in compare to Broad Based Indices (BSE Sensex)

Months	Month Closing Prices of BSE Sensex Index (Rs.)	% Increase / (Decrease) in compare to previous month	Month Closing Prices of Company's Equity Shares on BSE (Rs.)	% increase / (Decrease) in compare to previous month
2015				
April	27,011.31	(3.38%)	21.45	(17.50%)
May	27,828.44	3.03%	23.10	7.69%
June	27,780.83	(0.17%)	21.20	(8.23%)
July	28,114.56	1.20%	26.60	25.47%
August	26,283.09	(6.51%)	25.30	(4.89%)
September	26,154.83	(0.49%)	22.25	(12.06%)
October	26,656.83	1.92%	24.35	9.44%
November	26,145.67	(1.92%)	25.00	2.67%
December	26,117.54	(0.11%)	26.25	5.00%
2016				
January	24,870.69	(4.77%)	34.10	29.90%
February	23,002.00	(7.51%)	36.05	5.72%
March	25,341.86	10.17%	34.45	(4.44%)

h. No Suspension of Trading

During the financial year under report and during any of the previous financial years, the securities of the Company were never suspended from trading on any of the Stock Exchange(s).

i. Registrar and Share Transfer Agent

M/s. Link Intime India Private Limited is acting as Registrar & Share Transfer Agent of the Company for Physical and Demat segment. Their address for communication is as under:

M/s. Link Intime India Private Limited, Unit No. 303, Shoppers Plaza - V, Opp. Municipal Market, Off C. G. Road, Navrangpura, Ahmedabad – 380009, Gujarat, India.
Ph. No.: +91 79 26465179, Fax: +91 79 26465179,
Email: ahmedabad@linkintime.co.in, Website: www.linkintime.co.in

j. Share Transfer System

Share transfer work of physical segment is attended by the Company's Registrar & Share Transfer Agent M/s. Link Intime India Private Limited. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

A summary of approved transfers, transmissions, deletion requests, etc., are placed before the Board of Directors from time to time as per the Listing Regulations. Your Company obtains a half-yearly compliance certificate from a Company Secretary in Practice as required under Listing Regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files a copy of the said certificate with the Bombay Stock Exchange.

k. Distribution of Shareholding as on March 31, 2016

No. of Equity Share Held	No. of Shareholders	% of Shareholders	No. of Equity Shares Held	% of Shareholding
Upto 500	1,688	94.04%	2,01,543	1.86%
501 to 1,000	31	1.73%	26,166	0.24%
1,001 to 2,000	21	1.17%	32,197	0.30%
2,001 to 3,000	10	0.56%	26,166	0.24%
3,001 to 4,000	10	0.56%	34,330	0.32%
4,001 to 5,000	4	0.22%	16,919	0.16%
5,001 to 10,000	8	0.45%	53,905	0.50%
10,001 and above	23	1.28%	1,04,26,774	96.38%
Total	1,795	100.00%	1,08,18,000	100.00%

Category of Shareholders as on March 31, 2016

Category	No. of Shareholders	% of Shareholders	No. of Equity Shares Held	% of Shareholding
A. Promoter & Promoter Group Shareholding				
Body Corporates	1	0.06%	80,50,000	74.41%
B. Public Shareholding				
(a) Body Corporates	6	0.33%	13,736	0.13%
(b) Resident Individuals	1,777	99.00%	27,45,320	25.38%
(c) HUF	9	0.50%	8,248	0.08%
(d) NRI	1	0.06%	196	0.002%
(e) Clearing Members	1	0.06%	500	0.005%
Total	1,795	100.00%	1,08,18,000	100.00%

l. Dematerialization of Shares and Liquidity

The Company's equity shares have been allotted ISIN (INE902D01013) both by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

1,05,67,100 equity shares representing 97.68% of the Paid up Equity Share Capital of the Company have been dematerialized till March 31, 2016.

Holding as on March 31, 2016

Mode of Holding	No. of Equity Shares	% of Total Paid up Capital
Electronic – CDSL	2,69,223	2.49%
Electronic – NSDL	1,02,97,877	95.19%
Physical	2,50,900	2.32%
Total	1,08,18,000	100.00%

For information relating to liquidity / number of traded shares for respective months during the financial year ended on March 31, 2016, please refer Point IX(f.) above.

m. Outstanding GDRs / ADRs / Warrant(s) / Convertible Instrument(s)

The Company has not issued any of the securities stated above.

n. Commodity Price Risk / Foreign Exchange Risk and Hedging Activities

The nature of business of the Company doesn't involve any Commodity Price Risk / Foreign Exchange Risk and doesn't require any hedging activities.

o. Plant Locations

The Company is a Loan NBFC and is mainly engaged in the loan financing activities and therefore it does not have any manufacturing plant.

p. Address for correspondence

Company

Mr. Durgesh D. Soni, Company Secretary & Compliance Officer, KIFS Financial Services Limited, B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.

Ph No.: +91 79 30000320, 321, Fax: +91 79 26403717,

Email: cs@kifs.co.in, Website: www.kifsfinance.com

Registrar and Share Transfer Agent

M/s. Link Intime India Private Limited, Unit No. 303, Shoppers Plaza - V, Opp. Municipal Market, Off C. G. Road, Navrangpura, Ahmedabad – 380009, Gujarat, India.

Ph. No.: +91 79 26465179, Fax: +91 79 26465179,

Email: ahmedabad@linkintime.co.in, Website: www.linkintime.co.in

X. Other Disclosures

a. The Company doesn't have any material significant related party transactions that may have potential conflict with the interests of the listed entity at large.

b. No penalties or strictures have been imposed on the Company by the Stock Exchange(s) or SEBI or any other statutory authority on any matter related to capital markets during last three financial years.

c. Pursuant to the provisions of Section 177(9) of the Companies Act, 2013, Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has duly established a Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Mr. Rajesh P. Khandwala, Managing Director of the Company does hereby affirm that no personnel are being denied access to the Audit Committee to report genuine concerns.

d. The Company has complied with all mandatory requirements of the Listing Regulations to the extent applicable. Further, the Company has complied with the non mandatory requirements relating to being in the regime of financial statements with unmodified opinion and reporting by the Internal Auditor directly to the audit committee.

e. The Company doesn't have any subsidiary and thus it has not adopted any policy for determination of material subsidiaries.

f. Web link of the Policy on dealing with related party transactions is as follows:
<http://kifsfinance.com/wp-content/uploads/2015/02/RPT-Policy-KIFS.pdf>

g. The nature of business of the Company doesn't involve any Commodity Price Risk / Foreign Exchange Risk and doesn't require any hedging activities.

XI. Non Compliance and Reason(s) thereof

The Company has complied with all the provisions of Corporate Governance related to the matters enumerated in the point II to X above to the extent applicable.

XII. Adoption of Discretionary Requirements

Please refer Point X(d.) above.

XIII. Disclosures of Compliance with Corporate Governance specified in Regulation 17 to 27 and Regulation 46(2)(b) to (i) of the Listing Regulations

Sr. No.	Particulars	Regulation	Compliance Status	Compliance Observed For
1	Board of Directors	17	Yes	<ul style="list-style-type: none"> • Board Composition • Meeting of Board of Directors • Review of compliance reports • Plans for orderly succession for appointments • Code of Conduct • Fees / compensation • Minimum information to be placed before the Board • Compliance Certificate • Risk Assessment & Management • Performance Evaluation of Independent Directors
2	Audit Committee	18	Yes	<ul style="list-style-type: none"> • Composition • Meeting of Audit Committee • Powers of Audit Committee • Role of Audit Committee and review of information by the Committee
3	Nomination and Remuneration Committee	19	Yes	<ul style="list-style-type: none"> • Composition • Roles of the Committee
4	Stakeholders Relationship Committee	20	Yes	<ul style="list-style-type: none"> • Composition • Roles of the Committee
5	Risk Management Committee	21	Not Applicable	Though not applicable, the Company by its discretion has constituted a risk management committee to indent, monitor and measure the risk profile of the Company and to define framework for identification, assessment, monitoring and reporting of risks, if any.

Sr. No.	Particulars	Regulation	Compliance Status	Compliance Observed For
6	Vigil Mechanism	22	Yes	<ul style="list-style-type: none"> • Formulation of Vigil Mechanism for Directors and employees • Direct access to the Chairperson of the Audit Committee
7	Related Party Transactions	23	Yes	<ul style="list-style-type: none"> • Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions • Omnibus approval of the Audit Committee • approval of shareholders for the related party transactions
8	Corporate Governance requirements with respect to Subsidiary of the listed entity	24	Not Applicable	The Company does not have any Subsidiary Company.
9	Obligations with respect to the Independent Directors	25	Yes	<ul style="list-style-type: none"> • Maximum Directorship and Tenure • Meeting of Independent Directors • Familiarisation Programmes for Independent Directors
10	Obligations with respect to the Directors and Senior Management Personnel	26	Yes	<ul style="list-style-type: none"> • Memberships / Chairmanships in Committees • Affirmation with compliance to Code of Business Conduct and Ethics from Directors and Management Personnel • Disclosure of shareholding by the Non Executive Directors • Disclosures by Senior Management about potential conflicts of interest
11	Other Corporate Governance requirements	27	Yes	<ul style="list-style-type: none"> • Compliance with some of the discretionary requirements • Filing of quarterly compliance report on Corporate Governance
12	Website	46(2)(b) to (i)	Yes	<ul style="list-style-type: none"> • Terms and conditions of appointment of Independent Directors • Composition of various Committees of the Board of Directors • Code of Conduct and Ethics for Directors and Managerial Personnel • Details of establishment of Vigil Mechanism / Whistle Blower Policy • Criteria for making payments to the Non Executive Directors / Remuneration Policy • Policy on dealing with Related Party Transactions • Details of Familiarization Programmes imparted to the Independent Directors

XIV. Code of Conduct

The Board of Directors has adopted a Code of Conduct & Policy for the Directors and Senior Management Personnel. This Code is a comprehensive code applicable to all Executives as well as Non Executive Directors and members of the Senior Management. A copy of the Code has been hosted on the Company's website at web link:

<http://kifsfinance.com/code-of-conduct-policy/>

The Code has been circulated to all the members of the Board and Senior Management Personnel and compliance of the same has been affirmed by them. A declaration signed by the Managing Director in this regard is given below:

"I, Rajesh P. Khandwala, Managing Director of the Company, hereby confirm that:

the Company has obtained from all the members of the Board and Senior Management Personnel of the Company, affirmation that they have complied with the Code of Conduct & Policy framed for the Directors and Senior Management Personnel in respect to the financial year 2015-16."

Yours' Sincerely

For KIFS Financial Services Limited

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

XV. Compliance Certificate on Corporate Governance

A certificate from Statutory Auditors of the Company regarding compliance of conditions of the Corporate Governance is attached at the end of this Corporate Governance Report.

XVI. Disclosure with respect to Demat Suspense Account / Unclaimed Suspense Account

(a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil

(b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year: Nil

(c) number of shareholders to whom shares were transferred from suspense account during the year: Nil

(d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil

There remains no shares in the demat suspense account or unclaimed suspense account as on March 31, 2016.

XVII. MD / CFO Certification

Mr. Rajesh P. Khandwala, Managing Director & Mr. Bhavik J. Shah, Chief Financial Officer heading finance functions have certified to the Board, inter alia the accuracy of the Financial Statements and adequacy of internal controls for the financial reporting purpose as required under provisions of Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended on March 31, 2016.

XVIII. Transfer of unclaimed dividend to the Investor Education and Protection Fund

In terms of the provisions of Sections 205C of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) for the time being in force), your Company is required to transfer the amount of dividend remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Shareholders are

requested to ensure that they claim the dividend(s) from the Company before transfer of the said amounts to the IEPF.

XIX. Risk Management Committee

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

Sr. No.	Name of the Member	Category	Designation in the Committee
1	Mr. Dharmendra N. Soni	Non Executive Independent Director	Chairman
2	Mr. Devang M. Shah	Non Executive Independent Director	Member
3	Mr. Rajesh P. Khandwala	Executive, Non Independent Director	Member

The terms of reference, objectives and scope of the Risk Management Committee inter alia include:

- oversight of risk management performed by the officers;
- reviewing the Risk Management policy and framework in line with local legal requirements and SEBI guidelines;
- identification, monitoring and measurement of the risk profile of the Company (including market risks, operational risks, and credit risks); and
- defining framework for identification, assessment, monitoring, and reporting of risks.

During the financial year under report, two meetings of the Committee were held with unanimous presence.

XX. Prevention of Insider Trading

In accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, a comprehensive code of conduct for prevention and regulation of trading in the Company's shares by insiders is in vogue.

The Code prohibits purchase or sale of Company's shares by Directors, KMP and other designated employees while in possession of unpublished price sensitive information in relation to the Company.

XXI. Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total Issued and Paid-Up Share Capital of the Company. This audit is carried out every quarter. The audit, inter alia, confirms that the Listed and Paid-Up Share Capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSL and the total number of shares in physical form.

For and on behalf of the Board of Directors
KIFS Financial Services Limited

Rajesh P. Khandwala
(Chairman & Managing Director)
(DIN: 00477673)
Ahmedabad, May 24, 2016

Managing Director (MD) & Chief Financial Officer (CFO) Certification

To,
The Board of Directors,
KIFS Financial Services Limited,

We, Mr. Rajesh P. Khandwala, Managing Director and Mr. Bhavik J. Shah, Chief Financial Officer of the Company, do hereby certify that on the basis of the review of the financial statements and the cash flow statement of KIFS Financial Services Limited for the financial year ended on March 31, 2016 and that to the best of our knowledge and belief, we state that:

- A. (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
(ii) 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.
- B. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or in violation of the Company's Code of Conduct.
- C. we accept responsibility for establishing and maintaining internal controls for financial reporting and we 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 we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. we have indicated to the Auditors and the Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the financial year;
 - (ii) significant changes, if any, in the 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

Yours sincerely,

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

Bhavik J. Shah
(Chief Financial Officer)

Ahmedabad, May 24, 2016

Statutory Auditors' Certificate on Corporate Governance

To,
The members of KIFS Financial Services Limited,

We have examined the compliance of conditions of Corporate Governance by KIFS Financial Services Limited ('the Company'), for the financial year ended on March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') entered into by the Company with the Bombay Stock Exchange for the period commencing from April 1, 2015 to November 30, 2015 and as per the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period commencing from December 1, 2015 to March 31, 2016.

The compliance of conditions of the corporate governance is 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.

In our opinion and to the best of our information and according to the explanations given to us by the Company, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement / Listing Regulations, as applicable.

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

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

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

Ahmedabad, May 24, 2016

Independent Auditor's Report

To the Members of
KIFS Financial Services Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of KIFS Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet of the state of affairs of the Company's at March 31, 2016;
- b) In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as issued by the Central Government of India in terms of Sub section (11) of Section 143 of Companies Act, 2013, we give in the form of "Annexure -1", a statement on the matters specified in paragraph 3 and 4 of the said order.
- 2 As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of the written representations received from the Directors as on March 31, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2016 from being appointed as a Director in terms of Section 164(2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-2"; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

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

Ahmedabad, May 24, 2016

Annexure – 1 to Independent Auditor's Report

1. (a) The Company is maintaining proper records showing full particulars, including full particulars, including quantitative details and situation of fixed assets;

(b) The Company has regular programs of physical verification of its fixed assets by which fixed assets are verified in a phase manner over a period of the year. In accordance with this verification, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) As the Company has no immovable property as Fixed Assets, information required under this para is not applicable.
2. The Company is a Non Banking Financial Company. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
3. (a) According to the information and explanation given to us, the Company has granted loans, secured or unsecured to companies, firms, limited liability partnerships or other related parties covered in the register maintained u/s 189 of the Companies Act, 2013 the closing balance due from the above parties as at March 31, 2016 is Rs. 976.30 Lacs and the maximum amount involved during the year was Rs. 1,733.65 Lacs. However, the terms & conditions for grant of such loans are not prejudicial to the Company's interest.

(b) In respect of loans granted to Companies covered in the register maintained under Section 189 of the Companies Act, 2013, the Principal amounts, are repayable on demand and there is no repayment schedule.

(c) In respect of aforesaid loan specified in para 3(a) above, there are no overdue amount.
4. In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Act, has been complied with considering the exemptions given to NBFC Companies.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Companies Act, 2013 and rules framed there under.
6. We have been informed by the management, no cost audit records have been prescribed under Section 148(1) of the Companies Act, 2013 in respect of financial services provided by the Company.
7. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Income Tax, Service Tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. However, in case of delays in few instances the same has been deposited along with interest due thereon.

According to the information and explanations given to us, no undisputed amount payable in respect of Income Tax, Wealth Tax, Value added Tax, Service Tax and other statutory dues applicable to the Company were in arrears as on March 31, 2016 for a period of more than six months from the date become payable.

8. Based on our verification and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a Financial Institution, Bank, Government or dues to debenture holders.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, para 3(ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of records of the Company, transactions with related parties are in compliance with section 177 and 188 of the Act, wherever applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, para 3(xv) is not applicable.
16. The Company being a NBFC, is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The Company is registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India ("RBI") and has got classified as a Non Banking Financial Company with effect from February 18, 1998.

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

Shailesh C. Parikh
(Proprietor)

Membership No.: 039254

Ahmedabad, May 24, 2016

Annexure – 2 to Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of KIFS Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- I. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- II. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and
- III. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business;
- ii. continuous adherence to Company's policies;
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances;
- iv. existing system to prevent and detect fraud and errors;
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information.

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

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

Ahmedabad, May 24, 2016

Balance Sheet as at March 31, 2016

			As at March 31, 2016 Amount in Rs.	As at March 31, 2015 Amount in Rs.
A	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share Capital	2	10,81,80,000	10,81,80,000
	(b) Reserves & Surplus	3	12,37,35,724	10,52,33,654
			23,19,15,724	21,34,13,654
2	NON CURRENT LIABILITIES			
	(a) Long Term Borrowings		-	-
	(b) Deferred Tax Liabilities (Net)		-	-
	(c) Long Term Provisions		-	-
			-	-
3	CURRENT LIABILITIES			
	(a) Short Term Borrowings	4	67,28,87,844	23,86,61,017
	(b) Trade Payables		-	-
	(c) Other Current Liabilities	5	37,34,607	21,77,708
	(d) Short Term Provisions	6	2,94,45,917	2,11,92,780
			70,60,68,368	26,20,31,505
	Total		93,79,84,091	47,54,45,159
B	ASSETS			
1	NON CURRENT ASSETS			
	(a) Fixed Assets			
	(i) Tangible Assets		47,46,186	44,420
	(ii) Capital Work-In-Progress		-	-
			47,46,186	44,420
	(b) Non Current Investments		-	-
	(c) Deferred Tax Assets (Net)	17.8	4,253	1,635
	(d) Long Term Loans and Advances	8	1,16,300	1,16,300
	(e) Other Non Current assets	9	1,70,173	3,40,345
			50,36,912	5,02,700
2	CURRENT ASSETS			
	(a) Inventories		-	-
	(b) Trade Receivables		-	-
	(c) Cash and Cash Equivalents	10	2,98,70,118	3,63,01,794
	(d) Short Term Loans and Advances	11	90,30,77,061	43,86,40,666
			93,29,47,179	47,49,42,460
	Total		93,79,84,091	47,54,45,159
	Notes forming part of the Financial Statements	1 to 17		

As per our report of even date

For and on behalf of Board of Directors

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

Dharmendra N. Soni
(Director)
(DIN: 01659489)

Shailesh C. Parikh
(Proprietor)
Membership No.: 039254
Ahmedabad, May 24, 2016

Durgesh D. Soni
(Company Secretary)
Ahmedabad, May 24, 2016

Bhavik J. Shah
(Chief Financial Officer)

Statement of Profit and Loss for the Financial Year ended on March 31, 2016

			For the financial year 2015-16	For the financial year 2014-15
			Amount in Rs.	Amount in Rs.
	INCOME			
1	Revenue from Operations	12	7,14,46,930	3,80,78,158
2	Other Income	13	13,074	878
3	Total Revenue		7,14,60,004	3,80,79,036
	EXPENDITURE			
4	(a) Employee Benefits Expense	14	34,66,368	22,10,585
	(b) Finance Costs	15	1,94,69,692	63,36,184
	(c) Depreciation	7	4,14,711	21,505
	(d) Other Expenses	16	56,34,372	14,79,038
	Total Expenses		2,89,85,143	1,00,47,312
5	Profit Before Exceptional and Extraordinary Items and Tax		4,24,74,861	2,80,31,724
6	Exceptional Items (MAT Credit Entitlement net of Current Year's utilisation)		-	-
7	Profit Before Extraordinary Items and Tax		4,24,74,861	2,80,31,724
8	Extraordinary Items		-	-
9	Profit Before Tax		4,24,74,861	2,80,31,724
10	Tax Expense			
	(a) Current Tax (Including of Current Year's Mat Credit)		1,42,10,000	92,12,000
	(b) Excess Provision of Earlier Years		-	-
	(c) Net Tax Expense		1,42,10,000	92,12,000
	(d) Deferred Tax Assets		2,618	8,996
			1,42,07,382	92,03,004
11	Profit After Tax		2,82,67,479	1,88,28,720
12	Earnings Per Share (of Rs. 10/- each)	17.7		
	(a) Basic		2.61	1.74
	(b) Diluted		2.61	1.74
	Notes forming part of the Financial Statements	1 to 17		

As per our report of even date

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

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

Ahmedabad, May 24, 2016

For and on behalf of Board of Directors

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

Dharmendra N. Soni
(Director)
(DIN: 01659489)

Durgesh D. Soni
(Company Secretary)

Bhavik J. Shah
(Chief Financial Officer)

Ahmedabad, May 24, 2016

Cash Flow Statement for the Financial Year ended on March 31, 2016

	For the financial year 2015-16		For the financial year 2014-15	
	Amount in Rs.		Amount in Rs.	
A Cash Flow from the operating Activities				
Net Profit After Tax and without Deferred Tax		2,82,64,861		1,88,19,725
Add : Adjustments For :				
Depreciation	4,14,711		21,505	
Misc. Expenses Written Off	1,70,172		1,70,172	
	5,84,883		1,91,677	
Less:				
Profit on Sale of Fixed Assets	-		-	
		5,84,883		1,91,677
Operating Profit Before working Capital Changes		2,88,49,744		1,90,11,402
Add: Decrease in Working Capital				
Long Term Loan & Advance Decreased	-		-	
Short Term Provision Increased	82,53,136		93,94,013	
Other Current Liabilities Increased	15,56,899		-	
Short Term Borrowings Increased	43,42,26,827		21,63,75,880	
Loans & Advances Reduced	-		-	
Inventories decreased	-		-	
Less: Increase in Working Capital				
Long Term Loans & Advances Given	-		-	
Short Term Loans & Advances Increased	46,44,36,395		23,26,38,153	
Other Current Liabilities Decreased	-		13,36,065	
Short Term Provision Decreased	-		-	
		(2,03,99,533)		(82,04,326)
Cash Generated From Operations		84,50,211		1,08,07,076
Less : Misc. Expenses Incurred		-		-
Net Cash Flow From Operating Activities	(A)	84,50,211	(A)	1,08,07,076
B Cash Flow From Investing Activities				
Inflows				
Increase in Share Capital & Share Premium	-		-	
Sale of Investments	-		-	
Interest Received	-		-	
		-		-
Out Flows				
Purchase of Fixed Assets	51,16,477		34,800	
Purchase of Investments	-		-	
Interest paid	-		-	
		51,16,477		34,800
Net Cash used in Investing Activities	(B)	(51,16,477)	(B)	(34,800)
C Cash Flow From Financing Activities				
Increase in Unsecured Loans	-		-	
Increase in Secured Loans	-		-	
		-		-
Less:				
Payment of Dividend & Dividend Tax		97,65,409		65,10,272
Repayment of Short Term Borrowing		-		-
Net Cash Used in Financing Activities	(C)	(97,65,409)	(C)	(65,10,272)

	For the financial year 2015-16		For the financial year 2014-15	
	Amount in Rs.		Amount in Rs.	
Net Decrease / Increase in Cash & Cash Equivalents		(64,31,675)		42,62,004
Cash & Cash Equivalents (Opening Balance)		3,63,01,794		3,20,39,790
Cash & Cash Equivalents (Closing Balance)		2,98,70,118		3,63,01,794

As per our report of even date

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

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

Ahmedabad, May 24, 2016

For and on behalf of Board of Directors

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

Durgesh D. Soni
(Company Secretary)

Ahmedabad, May 24, 2016

Dharmendra N. Soni
(Director)
(DIN: 01659489)

Bhavik J. Shah
(Chief Financial Officer)

Notes forming Part of the Financial Statements

Note 1: Significant Accounting Policies

a) Corporate Information

Khandwala Financial Services Limited (KFSL) incorporated under the provisions of the Companies Act, 1956 on March 29, 1995 (CIN: L67990GJ1995PLC025234) is a Non Banking Financial Company registered with the Reserve bank of India (RBI) under the provisions of section 45-IA of the RBI Act, 1934 as a Loan Company (RBI Registration No. 01.00007 dated February 18, 1998). KFSL is a Public Limited Company and is listed on the Bombay Stock Exchange Ltd. It offers capital market products like Margin Trading, Loan against shares (LAS) and Funding Primary Market issues for the retail investors. It is proposing to enter into the business of Investment Adviser and has obtained Registration with SEBI as "Investment Adviser" under SEBI (Investment Advisers) Regulations, 2013 vide registration no. INA000001852 dated June 13, 2014.

b) Basis of Preparation of Financial Statements

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

c) Use of Estimates

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

d) Revenue Recognition

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

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

e) Expenses

The Company provides for all expenses comprising of Employee Benefits Expenses, Financial Cost and Other Expenses on accrual basis.

f) Cash & Cash Equivalents (for the purpose of Cash Flow Statement)

Cash comprises cash in hand. Cash equivalents are cash at bank that are readily available for convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Cash Flow Statement

Cash flow are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from operation, investing and financing activities of the Company are segregated based on the available information.

h) Fixed Assets & Depreciation

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.

Capital Assets under erection / installation are reflected in the Balance Sheet as "Capital Work in Progress".

Depreciation on assets is provided on written down value basis (WDV) on the basis of useful lives of assets as specified in schedule II of the Companies Act, 2013.

Depreciation on fix assets purchased / acquired during the year is provided on pro-rata basis according to the period each asset was put to use during the year.

i) Investment

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

j) Impairment of Assets

The Carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of Impairment based on internal / external factors. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. After impairment depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

During the year there was no impairment of assets of the Company.

k) Borrowing Cost

All Borrowing costs are expensed in the period they occur. Borrowing cost consists of interest and other cost that an entity incur in the connection with the borrowing of the funds. 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.

l) Taxes on Income

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

Deferred tax is recognized 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 recognized 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 realized.

m) 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.

n) Retirement and Other Employee Benefits

Gratuity liability is a defined obligation. But it has not been provided for on the basis of an actuarial valuation of projected unit credit method. The same shall be accounted for on cash basis as and when the need so arise.

o) Earning Per Shares

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard – 20 on Earnings 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.

Note 2 Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Rs.	Number of Shares	Rs.
(a) Authorised Equity shares of Rs. 10 each with voting rights	1,10,00,000	11,00,00,000	1,10,00,000	11,00,00,000
(b) Issued, Subscribed and fully paid up Equity shares of Rs. 10 each with voting rights	1,08,18,000	10,81,80,000	1,08,18,000	10,81,80,000
Total		10,81,80,000		10,81,80,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

	Opening Balance	Bonus Shares Issued	Preferential Issue	Closing Balance
Equity shares with voting rights				
Year ended March 31, 2016				
- Number of shares	1,08,18,000	-	-	1,08,18,000
- Amount (Rs.)	10,81,80,000	-	-	10,81,80,000
Year ended March 31, 2015				
- Number of shares	1,08,18,000	-	-	1,08,18,000
- Amount (Rs.)	10,81,80,000	-	-	10,81,80,000

(ii) Details of Shareholders holding more than 5% shares

Class of shares / Name of shareholder [Holding Company(ies)]	As at March 31, 2016		As at March 31, 2015	
	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 Private Limited*	-	-	80,50,000	74.41
Khandwala Commercial Private Limited [#]	80,50,000	74.41	-	-

* upto December 28, 2015

[#] from December 29, 2015

Apart from this, no shares of the Company are held by the Holding Company(ies) or Subsidiary or Associate of the 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 restriction and are entitled to Dividend, as and when declared. All shares rank equally with regard to the Company's residual assets.

Note 3 Reserves and Surplus

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
(a) Special Reserve		
Opening Balance	3,01,66,000	2,64,00,000
Add: Transferred from Surplus in Statement of Profit & Loss	56,54,000	37,66,000
Closing Balance	3,58,20,000	3,01,66,000
(b) Surplus in Statement of Profit and Loss		
Opening Balance	2,63,86,654	1,78,55,808
Add: Profit for the Year	2,82,67,479	1,88,28,720
Less: Adjustment for Depreciation	-	(21,602)
	5,46,54,132	3,66,62,926
Less: Transferred to/Appropriations:		
Special Reserve	(56,54,000)	(37,66,000)
Proposed Final Dividend	(81,13,500)	(54,09,000)
Tax on Final Dividend	(16,51,909)	(11,01,272)
Reserves Utilized for Bonus Shares	-	-
Closing Balance	3,92,34,724	2,63,86,654
(c) Share Premium	4,86,81,000	4,86,81,000
Total	12,37,35,724	10,52,33,654

Note 4 Short Term Borrowings

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
Working Capital Loans (Over Draft against Fixed Deposits)		
From Banks		
Secured	3,61,03,116	-
Unsecured	-	-
From Others		
Corporate Bodies (Unsecured)	63,67,84,728	23,86,61,017
Total	67,28,87,844	23,86,61,017

Note:

Overdraft 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	As at
	March 31, 2016	March 31, 2015
	Rs.	Rs.
Other payables		
(i) Statutory Remittances	22,42,201	8,16,552
(ii) Advances from Customers/Clients	-	-
(iii) Others		
a. Creditors for Expenses	63,166	35,512
b. Unclaimed Dividend *	14,29,240	13,25,644
Total	37,34,607	21,77,708

* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

Note 6 Short Term Provisions

	As at	As at
	March 31, 2016	March 31, 2015
	Rs.	Rs.
Provision - Others		
(i) Proposed Equity Final Dividend	81,13,500	54,09,000
(ii) Tax on Proposed Equity Dividend	16,51,909	11,01,272
(iii) Provision for Current Tax		
For F.Y. 2013-14	54,70,508	54,70,508
For F.Y. 2014-15	-	92,12,000
For F.Y. 2015-16	1,42,10,000	-
Total	2,94,45,917	2,11,92,780

Note 7 Fixed Assets

Amount in Rs.

Asset	Gross Block (at cost)			Accumulated Depreciation				Net Block		
	Balance as at April 1, 2015	Additions during the year	Disposals during the year	Balance as at March 31, 2016	Balance as at April 1, 2015	Depreciation for the year	Eliminated on disposal of assets	Balance as at March 31, 2016	Balance as at March 31, 2016	Balance as at March 31, 2015
Tangible Assets										
a. Xerox Machine	93,600	-	-	93,600	88,920	-	-	88,920	4,680	4,680
b. Telephone	95,186	-	-	95,186	65,703	11,928	-	77,631	17,555	29,483
c. Air conditioner	56,000	-	-	56,000	53,200	-	-	53,200	2,800	2,800
d. Computers	70,000	-	-	70,000	62,543	3,858	-	66,401	3,599	7,457
e. Motor Car	-	50,59,227	-	50,59,227	-	3,93,972	-	3,93,972	46,65,255	-
Total	3,14,786	50,59,227	-	53,74,013	2,70,366	4,09,758	-	6,80,124	46,93,889	44,420
Previous year	2,79,986	34,800	-	3,14,786	2,27,259	21,505	-	2,70,366	44,420	52,727
Intangible Assets										
a. Software	-	57,250	-	57,250	-	4,953	-	4,953	52,297	-
Total	-	57,250	-	57,250	-	4,953	-	4,953	52,297	-
Previous year	-	-	-	-	-	-	-	-	-	-

Note 8 Long Term Loans and Advances

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
(a) Security Deposits Unsecured, Considered Good	1,16,300	1,16,300
Total	1,16,300	1,16,300

Note 9 Other Non Current Assets

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
Misc Exp. To The Extent Not W/Off Op. Balance	3,40,345	5,10,517
Add : Incurred during the year	-	-
	3,40,345	5,10,517
Less : W/Off during year	1,70,172	1,70,172
Total	1,70,173	3,40,345

Note 10 Cash and Cash Equivalents

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
(a) Cash on Hand	10,165	66,270
(b) Balances with Banks		
(i) In Current Accounts	13,59,953	77,35,524
(ii) In Fixed Deposit Accounts	2,85,00,000	2,85,00,000
Total	2,98,70,118	3,63,01,794

Note 11 Short Term Loans and Advances

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
(a) Loans and Advances to Parties Secured, Considered Good	88,31,03,554	42,32,48,142
(b) Balances with Government Authorities	1,92,64,141	1,48,33,692
(c) Interest Receivable Unsecured, Considered Good	1,46,108	1,55,832
(d) Loans to Staff	2,55,000	3,23,000
(e) Prepaid Expenses	3,08,258	80,000
Total	90,30,77,061	43,86,40,666

Note 12 Revenue from Operations

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Revenue From Operations	7,14,46,930	3,80,78,158
Total	7,14,46,930	3,80,78,158

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Income from Operations comprises :		
Interest Income	6,78,58,265	3,61,62,938
Loan Processing / Syndicate Fees	37,500	5,500
Management / Corporate Advisory fees	32,51,573	19,09,720
Mutual Fund Distribution Commission	2,99,592	-
Total - Income from Operations	7,14,46,930	3,80,78,158

Note 13 Other Income

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Miscellaneous Income	-	878
Excess Provision Written Back	13,074	-
Total	13,074	878

Note 14 Employee Benefits Expense

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Salaries, Bonus and Incentives	28,47,569	15,99,650
Director Remuneration	6,00,000	6,00,000
Staff Training & Welfare Expenses	18,799	10,935
Total	34,66,368	22,10,585

Note 15 Finance Cost

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Interest Expense		
a. To Banks	3,57,727	4,35,054
b. To Others	1,91,11,965	59,01,130
Total	1,94,69,692	63,36,184

Note 16 Other Expenses

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Advertisement Expenses	84,900	60,603
Annual Subscription	66,668	-
Auditors Remuneration	50,000	30,000
Bank Charges	7,642	1,717
Business promotion	-	84,112
Bad Debts Written Off	37,71,800	-
Computer Maintenance Exp.	24,183	-
Demat & Depository (Registrar) Charges	1,08,071	70,540
Director's Sitting Fees	80,000	80,000
Electricity	60,000	60,000
Insurance Expenses	68,386	-
Kasar	12,414	-
Lease Rent	60,000	67,416
Legal & Professional Fees	1,50,690	1,47,586
Legal & Stamp Charges	7,644	5,490
Listing Fees	2,24,720	1,12,360

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
ROC Filing Fees	16,566	7,568
Office & General Expenses	1,500	2,764
Other Interest (paid for late payment of Statutory Dues)	21,485	1,452
Petrol Expenses	15,500	-
Postage & Courier Charges	26,975	24,944
Preliminary Expenses W/Off	1,70,172	1,70,172
Printing & Stationary Expenses	9,660	50,557
Professional Tax	2,000	2,000
Travelling Expenses	5,52,730	4,62,649
SEBI Registration Fees (Investment Advisor)	20,000	20,000
Xerox & Maintenance Expenses	20,666	17,108
Total	56,34,372	14,79,038

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Payments to the Auditors comprises :		
As Auditors - Statutory Audit	40,000	25,000
Taxation Matters	10,000	5,000
Total	50,000	30,000

Note 17 Notes on Accounts

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

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
(a) Statutory & Tax Audit	40,000	25,000
(b) Taxation Matters	10,000	5,000
Total	50,000	30,000

4. In the opinion of the board, current assets, loans & advances are approximately of the value stated if realized in the ordinary course of business.
5. Disclosure required for Employee Benefit (Revised 2005) as per Accounting Standard 15 of ICAI is not given as it is not applicable to the Company for the financial year under report.
6. There are no dues to Micro, Small and Medium Enterprise as at March 31, 2016. This information is required to be disclosed 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

	As at March 31, 2016	As at March 31, 2015
	Rs.	Rs.
Profit / (Loss) after tax	2,82,67,479	1,88,28,720
Number of Equity Shares (Face Value of Rs. 10/- Each)	1,08,18,000	1,08,18,000
Earnings Per Share (A/B)	2.61	1.74

8. Consequent to the Accounting Standard AS-22 being effective from April 1, 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:

Particulars	March 31, 2016	March 31, 2015
	Rs.	Rs.
A. Deferred tax Assets		
Difference between Books & Tax Depreciation	4,253	1,635
B. Deferred Tax Liabilities		
Difference between Books & Tax Depreciation	Nil	Nil
Net Deferred Tax Credit for the year	2,618	

9. Foreign Currency Transactions

	For the financial year 2015-16	For the financial year 2014-15
	Rs.	Rs.
Expenditure in Foreign Currency	Nil	Nil
Earnings in Foreign Currency	Nil	Nil

10. Segment Reporting

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

11. Leases

Lease payments made under cancellable operating lease amounting to Rs. 60,000/- (Previous year Rs. 67,416/-) disclosed as rent and the same has been recognized as an expenses in the Statement of Profit and Loss.

12. Impairment of Assets

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

13. Contingent Liability

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

14. Disclosure regarding Depreciation

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

15. Related Party Disclosure

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

15.1 List of Related Parties and Relationships:

Holding Company: KIFS Securities Private Limited (Up to December 28, 2015)
Khandwala Commercial Private Limited (From December 29, 2015)

Associate Company: Aristo Traders Private Limited
Khandwala Enterprise Private Limited
Khandwala Finstock Private Limited
Mink Tradecom Private Limited
KIFS Trading LLP
KIFS Motors Private Limited
KIFS Reality Private Limited
KIFS Commodities Private Limited
KIFS International LLP
KIFS Trade Capital Private Limited
KIFS Housing Finance Private Limited

Key Managerial Personnel:

Rajesh P. Khandwala
Bhavik J. Shah
Krupa N. Joshi

Relatives of Key Managerial Personnel:

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

15.2 Related Party Transactions and Balances

(Rs. in Lacs)

Transaction	Holding/ Associates Companies	Key Managerial Personnel	Relative of Key Managerial Personnel	Total
Inter Corporate Loan Received (Max Balance during the year)	12,438.84	-	-	12,438.74
Inter Corporate Loans given (Max Balance during the year)	1,733.65	-	-	1,733.65
Interest Recd on Loans	23.51	-	-	23.51
Interest Paid on Loans	191.12	-	-	191.12
Reimbursement of Expenses	1.29	-	-	1.29
Debit Balance outstanding as on March 31, 2016	997.46	-	-	997.46
Credit Balance outstanding as on March 31, 2016	6,367.85	-	-	6,367.85
Director Remuneration	-	6.00	-	6.00

As per our report of even date

For and on behalf of Board of Directors

For **M/s. Shailesh Parikh & Co.**,
Chartered Accountants
FRN: 109858W

Rajesh P. Khandwala
(Managing Director)
(DIN: 00477673)

Dharmendra N. Soni
(Director)
(DIN: 01659489)

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

Durgesh D. Soni
(Company Secretary)

Bhavik J. Shah
(Chief Financial Officer)

Ahmedabad, May 24, 2016

Ahmedabad, May 24, 2016



KIFS Financial Services Limited

B – 81, Pariseema Complex, C. G. Road, Ellisbridge,
Ahmedabad – 380006, Gujarat, India. CIN: L67990GJ1995PLC025234,
Ph. No.: +91 79 30000320, 321, Fax: +91 79 26403717,
Email: cs@kifs.co.in, Website: www.kifsfinance.com

21st Annual General Meeting – Friday, August 19, 2016

ATTENDANCE SLIP

(To be presented at the entrance)

Full Name and Address of
the Shareholder :

Full Name of the Proxy
(to be filled in if Proxy Form has been
duly deposited with the Company) :

Registered Folio No. /
DP ID & Client ID :

No. of Equity Shares held :

Email ID :

I certify that I am a member / proxy / authorized representative for the member of the Company. I hereby accord my presence at the 21st Annual General Meeting of the Company at the Registered Office of the Company on Friday, August 19, 2016 at 12:00 noon.

Signature of the Member / Proxy
(To be signed at the time of handling over this slip)

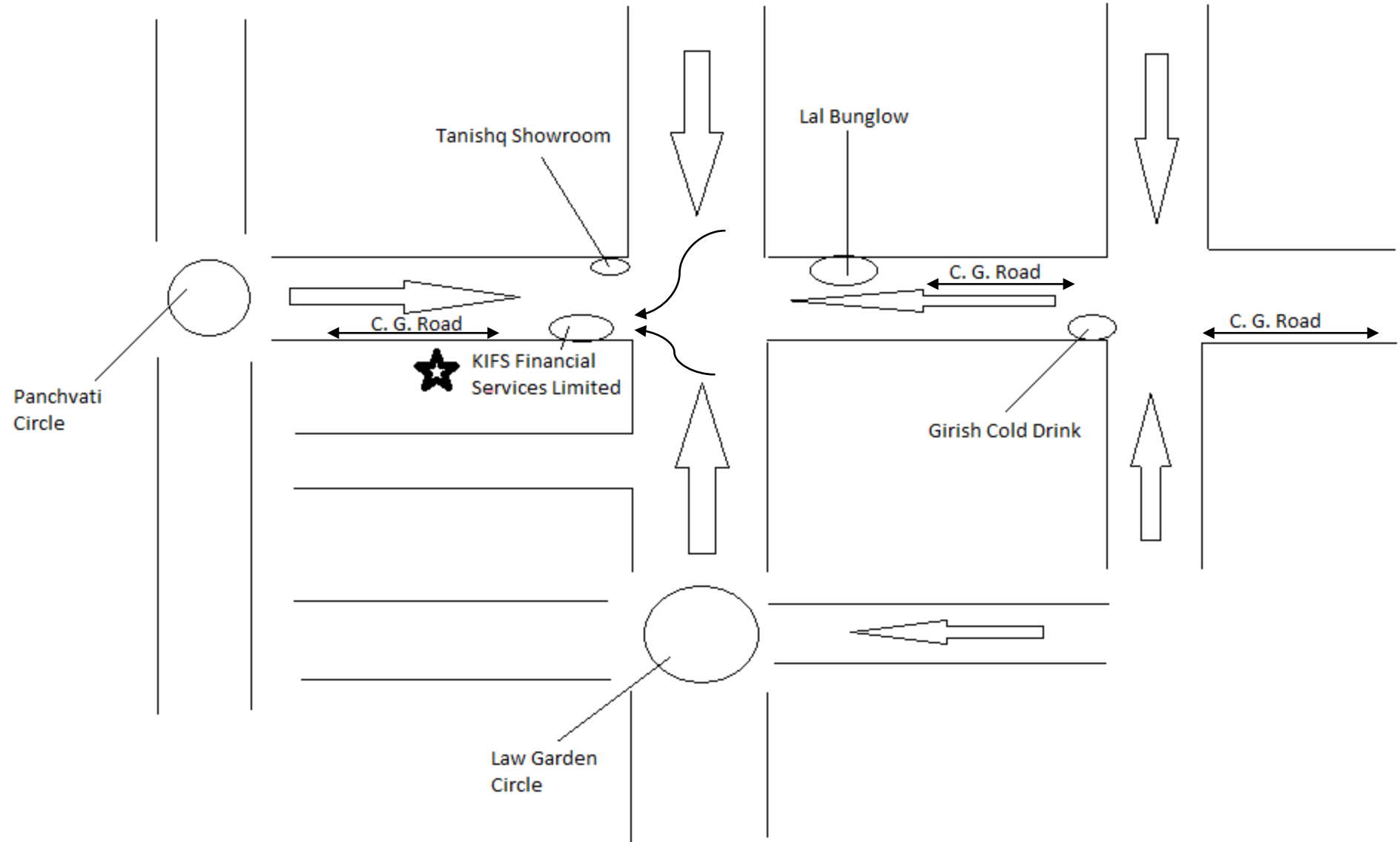
Notes

1. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
2. Joint shareholders may use Xerox copies or obtain additional Attendance Slip at the venue of the meeting.
3. Bodies Corporate, whether a Company or not, who are members, may attend through their authorized representative appointed under Section 113 of the Companies Act, 2013. A copy of authorization should be deposited with the Company.



Route Map to the Venue of AGM

B-81, Pariseema Complex, C. G. Road,
Ellisbridge, Ahmedabad - 380006,
Gujarat, India.





KIFS Financial Services Limited

B – 81, Pariseema Complex, C. G. Road, Ellisbridge,
Ahmedabad – 380006, Gujarat, India. CIN: L67990GJ1995PLC025234,
Ph. No.: +91 79 30000320, 321, Fax: +91 79 26403717,
Email: cs@kifs.co.in, Website: www.kifsfinance.com

21st Annual General Meeting – Friday, August 19, 2016

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 :

Email :

Folio No. / Client ID :

DP ID :

I/We, being the member(s) holding equity shares of KIFS Financial Services Limited, hereby appoint;

Name: _____

Address: _____

Email ID: _____ Signature: _____ **or failing him / her**

Name: _____

Address: _____

Email ID: _____ Signature: _____ **or failing him / her**

Name: _____

Address: _____

Email ID: _____ Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General Meeting of the Company, to be held on Friday, August 19, 2016 at 12:00 noon at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Sr. No.	Resolution	Vote – Refer Note 4	
		For	Against
Ordinary Businesses (Ordinary Resolutions)			
1	Adoption of Financial Statements of the Company and Reports of Directors and Auditors thereon		
2	Declaration of Final Dividend on Equity Shares		
3	Re-appointment of a Director in place of Mr. Rajesh P. Khandwala, who retires by rotation and being eligible, offers himself for re-appointment		
4	Ratification of Appointment of Statutory Auditors		
Special Businesses (Ordinary Resolution)			
5	To grant omnibus approval for Related Party Transactions		

Signed this _____ day of _____, 2016.

Affix Revenue Stamp of not less than Rs. 1/-
--

Signature of the of Member _____

Signature of 1st Proxy Holder

Signature of 2nd Proxy Holder

Signature of 3rd Proxy Holder

Notes

1. For the Resolutions, Explanatory Statements and Notes, please refer to the notice of the 21st Annual General Meeting.
2. 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.
3. A Proxy need not be a member of the Company.
4. It is optional to indicate your preference. If you leave the 'for' or 'against' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
5. Those Members who have multiple folios with different joint holders may use Xerox copies of this Attendance Slip / Proxy.



A KHANDWALA INTERGRATED VENTURE

Registered Office

KIFS Financial Services Limited

B-81, Pariseema Complex, C. G. Road,
Ellisbridge, Ahmedabad – 380006, Gujarat, India.

CIN: L67990GJ1995PLC025234, Ph. No.: +91 79 30000320, 321,

Fax: +91 79 26403717, Email: cs@kifs.co.in, Website: www.kifsfinance.com