



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 26400140, 740,

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

Contents

Corporate information	1
Notice of the 24 th annual general meeting	2
Directors' report	9
Extract of annual return (MGT-9)	16
Secretarial audit report	25
Management discussion and analysis report	29
Corporate governance report	32
MD & CFO certification	43
Auditors' certificate on corporate governance	44
Certificate of non-disqualification of directors	45
Independent auditors' report	47
Balance sheet	54
Statement of profit and loss	55
Cash flow statement	56
Notes forming part of the financial statements	57
Attendance slip and route map to the venue of annual general meeting	68
Proxy form	70



KIFS FINANCIAL SERVICES LIMITED

CORPORATE INFORMATION

24TH ANNUAL GENERAL MEETING

Friday, September 27, 2019

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

REGISTERED & CORPORATE OFFICE

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

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Email: cs@kifs.co.in,

Website: www.kifsfinance.com

STATUTORY AUDITORS

M/s. Bimal Shah Associates,

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 (RTA)

Link Intime India Private Limited

REGISTERED OFFICE ADDRESS OF RTA

C-101, 247 Park, L.B.S. Marg, Vikhroli (W),
Mumbai – 400083, Maharashtra, India.

Ph. no.: +91 22 49186270,

Fax: +91 22 49186060,

Email: rnt.helpdesk@linkintime.co.in

AHMEDABAD BRANCH OFFICE ADDRESS OF RTA

506-508, Amarnath Business Center – 1,
Besides Gala Business Center,
Nr. St. Xavier's College Corner,

Off C. G. Road, Navrangpura,

Ahmedabad – 380009, Gujarat, India.

Ph. no.: +91 79 26465179, 86, 87,

Fax: +91 79 26465179,

Email: ahmedabad@linkintime.co.in,

Website: www.linkintime.co.in

ISIN

INE902D01013

BSE SCRIP CODE

535566

CIN

L67990GJ1995PLC025234

Notice of 24th annual general meeting

NOTICE is hereby given that the 24th annual general meeting of the members of KIFS Financial Services Limited is scheduled to be held on **Friday, September 27, 2019 at 4:00 pm** 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, 2019 together with reports of the directors and auditors thereon.

Item no. 2 – Declaration of final dividend

To declare a final dividend on equity shares of the company for the financial year ended on March 31, 2019.

Item no. 3 – Re-appointment of director(s) retiring by rotation

To appoint a director in place of Mrs. Sonal R. Khandwala (DIN: 01788620), who retires by rotation and being eligible, offers herself for re-appointment.

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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 29, 2019

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 at its registered office 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 copies of annual reports would be made available at the annual general meeting and they 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 businesses, if any, to be transacted are annexed hereto.
3. In accordance with the proviso to regulation 40(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of shares of the company shall not be processed unless the shares are held in the dematerialized form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialized so as to be able to freely transfer them and participate in various corporate actions.
4. The board has recommended a final dividend of ₹ 1.00 (i.e. 10.00%) per equity share of ₹ 10/- each, which, if approved / declared by the members at this ensuing annual general meeting, will be paid on or before Sunday, October 27, 2019 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, September 20, 2019 and in respect of shares held in the electronic form, to those 'deemed members' whose names appear in the statement of beneficial owners furnished by the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) at the closure of business hours on Friday, September 20, 2019.
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 and the members holding securities in physical form are requested to send a request to the registrar and share transfer agent, Link Intime India Private Limited or to the company secretary of the company.
6. Non-resident Indian shareholders are requested to inform to the registrar 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 whose shareholding is in electronic mode are requested to update the change of address and bank account details to their respective depository participants.

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 registrar / company.
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 share transfer agent whose e-mail id is ahmedabad@linkintime.co.in mentioning the company's name i.e. 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 registered 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, 2019, 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 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.
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 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 2018-19 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 the Central Depository Services (India) Limited (CDSL).

The facility for voting 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 (voting from a place other than general meeting) 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.

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

- i. The voting period begins on Tuesday, September 24, 2019 (9:00 am IST) and ends on Thursday, September 26, 2019 (5:00 pm IST). During this period members of the company holding shares either in physical or in dematerialized form, as on the record date, Friday, September 20, 2019, may cast their votes 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 the “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. 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 the 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) above.

- 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 the 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 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 votes using CDSL’s mobile app m-Voting which can be downloaded from the app store(s). 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. Rakesh Dalvi, Manager,
Central Depository Services (India) Limited,
25th Floor, A Wing, Marathon Futurex,
Lower Parel (E), Mumbai – 400013, Maharashtra, India.
CIN: L67120MH1997PLC112443, Ph. no.: 1800225533,
Email: helpdesk.evoting@cdslindia.com, Website: www.cdslindia.com

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, September 20, 2019. **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 dispatch of the notice of the annual general meeting and prior to the record date i.e. Friday, September 20, 2019, shall be entitled to exercise his / her vote either electronically i.e. remote e-voting or through the poll paper at the annual general meeting 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 to 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 present a consolidated scrutinizer's 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.

Explanatory statement

Explanatory statement pursuant to section 102 of the Companies Act, 2013

(including 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 and applicable Secretarial Standard)

In respect of item no. 3

Mrs. Sonal R. Khandwala

Brief resume and nature of expertise

Mrs. Sonal R. Khandwala, non executive director of the company appointed since May 27, 2014, holding DIN: 01788620, aged around 53 years is a commerce graduate having experience of over one and half decades in the field of stock broking, securities trading and other allied capital market related services as well as general administration. Mrs. Khandwala is engaged in the development and growth of the business of the company considering her experience in the capital and securities market activities.

The re-appointment of Mrs. Sonal R. Khandwala is being proposed in terms of provisions of section 152(6) of the Companies Act, 2013 i.e. appointment of director(s) in place of director(s) retiring by rotation.

Discloser of relationships between directors inter-se

Mr. Rajesh P. Khandwala is related to Mrs. Sonal P. Khandwala as being her spouse.

Details of other directorships, membership / chairmanships of committees of other board as on March 31, 2019

Directorships: nil

Chairmanships / memberships of committee(s) of other board:

Chairmanships: nil

Memberships: nil

(only statutory committees of board of directors have been taken into consideration)

Shareholding in the company as on March 31, 2019

Nil

No. of board meetings attended during the financial year 2018-19

Mrs. Khandwala has attended all the four board meetings held during the financial year 2018-19 details of which have been provided in the corporate governance report forming part of this annual report.

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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 29, 2019

Directors' report

Dear members,

Your directors have pleasure in presenting the 24th annual report on the business and operations of the company together with the audited financial statement for the financial year ended on March 31, 2019.

1. Financial summary

(₹ in lakhs except EPS)

Particulars	2018-19	2017-18
Revenue from operations	589.41	604.97
Other income	0.51	0.40
Total income	589.92	605.37
Total expenditure	186.06	190.52
Profit / (loss) before exceptional items & provision for tax	403.86	414.85
Exceptional items	-	-
Profit / (loss) before tax	403.86	414.85
Tax expenses	121.44	114.73
Net profit	282.41	300.11
EPS – basic & diluted (₹)	2.61	2.77

2. State of company's affairs

During the financial year under report, total income of the company stands to ₹ 589.92 lakhs comprised of ₹ 589.41 lakhs as revenue from operations and ₹ 0.51 lakhs as other income as compared to ₹ 605.37 lakhs comprised of ₹ 604.97 lakhs as revenue from operations and ₹ 0.40 lakhs as other income generated during the previous financial year. Profit before interest, depreciation and tax also stands at ₹ 524.94 lakhs as compared to ₹ 530.80 lakhs in the financial year ended on March 31, 2018. Net profit after tax has also been reduced to ₹ 282.41 lakhs as compared to ₹ 300.11 lakhs for the financial year 2017-18 showing a decline of 5.90%. The net profit margin has also shown a slight decline i.e. from 49.58% for the financial year 2017-18 to 47.87% for the financial year 2018-19. The total expenditure has also reported decline of 2.34% year on year basis. Total expenditure for the financial year 2018-19 stands at ₹ 186.06 lakhs as compared to ₹ 190.52 lakhs for the financial year 2017-18. The directors of your company are optimistic to achieve newer heights in the upcoming years.

The detailed analysis as to review of company's operational and financial performance is given in the management discussion and analysis report.

3. Dividend

Your directors propose to recommend final dividend for the financial year 2018-19 at a higher rate of ₹ 1.00 (rupee one only) (10.00%) per equity share of ₹ 10/- (rupees ten only) each as compared to ₹ 0.90 (ninety paise only) (9.00%) per equity share of ₹ 10/- (rupees ten only) each for the financial year ended on March 31, 2018.

Further, the payment of dividend is subject to the approval of shareholders 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 will be ₹ 108.18 lakhs and the dividend distribution tax will be ₹ 22.24 lakhs.

4. Transfer to reserves

The company proposes to transfer ₹ 56.48 lakhs to the special reserve out of amount available for appropriations and an amount of ₹ 761.85 lakhs is proposed to be retained in the statement of profit and loss.

5. Deposits

During the financial year ended on March 31, 2019, the company has not accepted any deposits from the public within the meaning of the provisions of applicable directions and notifications issued by the Reserve Bank of India in this respect.

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.

As on March 31, 2019, the authorized share capital of the company stands at ₹ 11,00,00,000/- consisting of 1,10,00,000 no. of equity shares of ₹ 10/- each and issued, subscribed and paid up share capital of the company stands at ₹ 10,81,80,000/- consisting of 1,08,18,000 no. of equity shares of ₹ 10/- each fully paid-up.

7. Details of subsidiary / joint venture / associate companies

The company doesn't have 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, Mrs. Sonal R. Khandwala, non executive director of the company, retires by rotation at the ensuing annual general meeting and being eligible offers herself for re-appointment. The board of directors of the company recommends her 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. Both the independent directors of the company were reappointed for a further period of 5 years during the financial year 2018-19.

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, the independent directors have complied with the code for independent directors prescribed in schedule IV of the Companies Act, 2013 and code of conduct prescribed for the directors, management and senior managerial personnel.

Further, a separate meeting of independent directors of the company was held on February 14, 2019 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 the provisions of section 203 of the Companies Act, 2013, Mr. Rajesh P. Khandwala holds position of managing director, Mr. Durgesh D. Soni holds position of company secretary and Mr. Bhavik J. Shah holds the position of chief financial officer of the company.

At the 22nd annual general meeting of the members of the company held on September 22, 2017, Mr. Rajesh P. Khandwala was re-appointed as a managing director of the company for a period of five years effective from February 4, 2018.

Remuneration policy

The company follows a policy on remuneration of directors and senior management employees. The policy has been approved both 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

At present, 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 the 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 day to day 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 did not meet the criteria laid down under the provisions of section 135(1) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 and accordingly the provisions including but not limited upto 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 an 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. Long term and short term loans and advances made are enumerated in note 9 and 11 respectively of the notes to the financial statements of the company.

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 and shareholders of the company 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 arm's length basis, disclosure in the form AOC-2 is not being 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, 2019, 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) and 5(2) of the aforesaid rules are enclosed herewith as **Annexure - 2**.

20. Auditors Statutory auditors

The shareholders of the company at their 22nd annual general meeting held on Friday, September 22, 2017, appointed M/s. Bimal Shah Associates, chartered accountants, Ahmedabad as statutory auditors of the company for a period of 5 years i.e. upto conclusion of 27th annual general meeting of the company.

The said appointment of statutory auditors has been made in accordance with the provisions of rule 6 of the Companies (Audit and Auditors) Rules, 2014 i.e. manner of rotation of auditors by the companies on expiry of their term.

In accordance with the provisions of the Companies (Amendment) Act, 2017, requirement of placing the matter of ratification of appointment of statutory auditors at every annual general meeting has been omitted.

Further, the company, being engaged in the financial service activities, is not required to maintain cost records under the provisions of section 148 of the Companies Act, 2013.

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, 2020.

Secretarial audit report issued by the secretarial auditor of the company for the financial year ended on March 31, 2019 is attached to the directors' report as **Annexure – 3**. Further, the company has complied with the secretarial standards to the extent applicable to the company.

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 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 29, 2019 to conduct the internal audit of the functions and activities of the company for the financial year ending on March 31, 2020.

21. Investment advisory business

Post closure of financial year ended on March 31, 2019, the company has duly surrendered its registration as an investment advisor under the SEBI (Investment Advisers) Regulations, 2013 availed vide registration no. INA000001852 during the financial year ended on March 31, 2015.

22. Credit rating

The CARE Ratings Limited has vide its letter dated May 31, 2019, provided the credit rating to the company as given below:

Facilities	Amount (₹ Crore)	Rating	
Long-term / short-term bank facilities (over draft against fixed deposits)	25.00	ICRA (old)	CARE (revised)
		ICRA BBB+ (stable)	CARE BBB+; Stable / CARE A2 (Triple B Plus; Outlook: Stable / A Two)
Total facilities	25.00 (Rupees Twenty Five Crores Only)		

23. Investor education and protection fund (IEPF)

During the financial year under report i.e. 2018-19, the company has transferred ₹ 1,79,400/-, the unclaimed and unpaid dividend amount for the financial year 2010-11 to the investor education and protection fund. Moreover, 8,900 number of equity shares were also transferred to the IEPF corresponding to the unpaid dividend remained unclaimed and unpaid for seven consecutive years. The cumulative shares transferred to the IEPF stands at 1,61,400 equity shares of ₹ 10/- each as on March 31, 2019.

Further the details as on March 31, 2019 for unclaimed / unpaid dividend lying in the unpaid account and the corresponding shares, which are liable to be transferred to the IEPF are as follows:

Sr. no.	Financial year	Type of dividend	Unclaimed / unpaid dividend (₹)	Corresponding number of equity shares	Due date of transfer to IEPF
1	2011-12	Final dividend	2,69,625.00	2,15,700	November 6, 2019
2	2012-13	Final dividend	1,60,994.50	3,21,989	September 7, 2020
3	2013-14	Final dividend	1,16,972.50	2,33,945	October 5, 2021
4	2014-15	Final dividend	1,27,507.50	2,55,015	October 4, 2022
5	2015-16	Final dividend	1,52,140.50	2,02,854	September 24, 2023
6	2016-17	Final dividend	1,76,350.50	1,95,945	October 28, 2024
7	2017-18	Final dividend	39,907.80	44,342	October 27, 2025

24. 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, 2019 and the date of signing of the directors' report i.e. May 29, 2019. 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.

25. Remuneration given to the managing director

The managing director of the company, Mr. Rajesh P. Khandwala also occupies the office of the managing director in KIFS Housing Finance Private Limited, a group company to the Khandwala group. Mr. Khandwala was paid remuneration to the tune of ₹ 6,00,000/- (rupees six lakhs only) from your company during and for the financial year ended on March 31, 2019. The company does not have any subsidiary company.

The material terms and conditions of re-appointment and remuneration of Mr. Khandwala are enumerated in the explanatory statement annexed to the notice of 22nd annual general meeting of the company.

26. 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 the sexual harassment.

A policy framed and adopted by the board of directors of the company on prevention of sexual harassment is uploaded on the company website at below web link:

<http://kifsfinance.com/wp-content/uploads/2016/09/SEXUAL-HARASSMENT-POLICY.pdf>

27. Listing

Presently, the equity shares of your company are listed at the Bombay Stock Exchange Limited (BSE) (scrip code: 535566). The company's equity shares are available for trading in demat form by all the investors on BSE which is having nation-wide 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 BSE.

28. 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>

29. 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.

30. 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.

31. 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, directions and guidelines issued by the Reserve Bank of India from time to time.

32. 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.

33. Directors' responsibility statement

Pursuant to the provisions of section 134(3)(c) of the Companies Act, 2013, your directors 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, 2019 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.

34. Acknowledgement

Your directors take this opportunity to express their deep and sincere gratitude to the clients, customers, employees, shareholders and other stakeholders 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 29, 2019

Annexure – 1

Form no. MGT-9

Extract of annual return

as on the financial year ended on March 31, 2019

[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	(Non government 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. Ph. no.: +91 79 26400140, 740, Fax: +91 79 26403717, Email: cs@kifs.co.in, Website: www.kifsfinance.com
6	Whether listed company yes / no	Yes, Listed at Bombay Stock Exchange (scrip code: 535566)
7	Name, address and contact details of registrar and transfer agent, if any	Link Intime India Private Limited 506-508, Amarnath Business Center – 1, Besides Gala Business Center, Nr. St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad – 380009, Gujarat, India. Ph. no.: +91 79 26465179, 86, 87, Fax: +91 79 26465179, Email: 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 & securities)	64,990	86.47%

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	Khandwala Commercial Private Limited	U74120DN1995PTC005506	Holding company	74.41%	2(46)

IV. Share holding pattern (equity share capital breakup as percentage of total equity) as at March 31, 2019

i. Category wise shareholding

Category of share holders	No. of shares held at beginning of the financial year - April 1, 2018				No. of shares held at end of the financial year - March 31, 2019				% 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.	-	-	-	-	-	-	-	-	-
g. FIs	-	-	-	-	-	-	-	-	-
h. Foreign venture capital fund	-	-	-	-	-	-	-	-	-
i. Others	-	-	-	-	-	-	-	-	-
Sub-total-B-(1)	-	-	-	-	-	-	-	-	-
2. Non-institution									

Category of share holders	No. of shares held at beginning of the financial year - April 1, 2018			No. of shares held at end of the financial year - March 31, 2019			% change during the financial year			
	Demat	Physical	Total	% of total shares	Demat	Physical		Total	% of total shares	
a. Body corporate	5,07,223	1,520	5,08,743	4.70%	5,07,883	-	5,07,883	4.69%	(0.01%)	
b. Individual										
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,66,455	74,860	2,41,315	2.23%	1,84,682	51,560	2,36,242	2.18%	(0.05%)	
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	18,19,017	13,860	18,32,877	16.94%	16,41,352	13,860	16,55,212	15.30%	(1.64%)	
c. Others										
i. Clearing member	2,448	-	2,448	0.02%	1,553	-	1,553	0.01%	(0.01%)	
ii. NRI	1	-	1	0.00%	1	-	1	0.00%	-	
iii. HUF	30,116	-	30,116	0.28%	2,05,709	-	2,05,709	1.90%	1.62%	
iv. IEPF	1,52,500	-	1,52,500	1.41%	1,61,400	-	1,61,400	1.49%	0.08%	
Sub-total-B-(2)	26,77,760	90,240	27,68,000	25.59%	27,02,580	65,420	27,68,000	25.59%	-	
Net total (1+2)	26,77,760	90,240	27,68,000	25.59%	27,02,580	65,420	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)	1,07,27,760	90,240	1,08,18,000	100.00%	1,07,52,580	65,420	1,08,18,000	100.00%	-	-

ii. Shareholding of promoters

Sr. no.	Shareholder's name	Shareholding at beginning of the financial year – April 1, 2018			Shareholding at end of the financial year – March 31, 2019			% 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	Khandwala Commercial Private Limited	80,50,000	74.41%	-	80,50,000	74.41%	-	-
	Total	80,50,000	74.41%	-	80,50,000	74.41%	-	-

iii. Change in promoters shareholding

Sr. no.	Name of the shareholder	Shareholding at beginning of the financial year – April 1, 2018		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	Khandwala Commercial Private Limited				
	at beginning of the year	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, 2018		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	Affluence Shares and Stocks Private Limited				
	at beginning of the year	5,01,240	4.63%	5,01,240	4.63%
	at end of the year			5,01,240	4.63%
2	Rina Sandeep Shah				
	at beginning of the year	5,00,000	4.62%	5,00,000	4.62%
	at end of the year			5,00,000	4.62%
3	Tejas Rohitkumar Shah jt. Vibhuti Tejas Shah				
	at beginning of the year	2,61,180	2.41%	2,61,180	2.41%
	at end of the year			2,61,180	2.41%
4	Anjana Rajesh Vora				
	at beginning of the year	2,15,000	1.99%	2,15,000	1.99%
	at end of the year			2,15,000	1.99%
5	Sanjay C. Agrawal				
	at beginning of the year	2,15,000	1.99%	2,15,000	1.99%
	at end of the year			2,15,000	1.99%
6	Rajiv G. Patel				
	at beginning of the year	-	-	-	-
	transferred on June 8, 2018	1,76,120	1.63%	1,76,120	1.63%

Sr. no.	Name of the shareholder	Shareholding at beginning of the financial year – April 1, 2018		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
	at end of the year			1,76,120	1.63%
7	IPEF Authority (MCA)				
	at beginning of the year	1,52,500	1.41%	1,52,500	1.41%
	transferred on September 29, 2018	8,900	0.08%	1,61,400	1.49%
	at end of the year			1,61,400	1.49%
8	Kishor Pranjiwandas Mandaliya				
	at beginning of the year	1,15,000	1.06%	1,15,000	1.06%
	at end of the year			1,15,000	1.06%
9	Janmajay Virendra Gandhi				
	at beginning of the year	1,09,000	1.01%	1,09,000	1.01%
	at end of the year			1,09,000	1.01%
10	Mandalia Vipulkumar Zaverilal				
	at beginning of the year	1,00,000	0.92%	1,00,000	0.92%
	at end of the year			1,00,000	0.92%
11	Kaminiben R. Patel				
	at beginning of the year	1,76,120	1.63%	1,76,120	1.63%
	transferred on June 8, 2018	(1,76,120)	(1.63%)	-	-
	at end of the year			-	-

v. Shareholding of directors and key managerial personnel

Sr. no.	Name of the director / key managerial personnel	Shareholding at beginning of the financial year – April 1, 2018		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	-	-	-	-
	at end of the year			-	-
2	Sonal R. Khandwala				
	at beginning of the year	-	-	-	-
	at end of the year			-	-
3	Devang M. Shah				
	at beginning of the year	-	-	-	-
	at end of the year			-	-
4	Dharmendra N. Soni				
	at beginning of the year	180	0.002%	180	0.002%
	at end of the year			180	0.002%
5	Bhavik J. Shah				
	at beginning of the year	-	-	-	-
	at end of the year			-	-
6	Durgesh D. Soni				
	at beginning of the year	-	-	-	-
	at end of the year			-	-

V. Indebtedness

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

(₹ in lakhs)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year – April 1, 2018				
1) Principal amount	116.40	1,492.30	-	1,608.70
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	116.40	1,492.30	-	1,608.70
Change in indebtedness during the financial year				
+ Addition	-	5,252.00	-	5,252.00
- Reduction	29.52	-	-	29.52
Net change	(29.52)	5,252.00	-	5,222.48
Indebtedness at the end of the financial year – March 31, 2019				
1) Principal amount	86.88	6,744.30	-	6,831.18
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
Total of (1+2+3)	86.88	6,744.30	-	6,831.18

VI. Remuneration of directors and key managerial personnel

A. Remuneration to managing director, whole-time directors and / or manager

(amount in ₹)

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, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary u/s 17(3) of the 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: ₹ 20.49 lakhs

B. Remuneration to other directors

(amount in ₹)

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	₹ 6,00,000/- to the managing director and ₹ 80,000/- to the non executive independent directors being sitting fees			
Overall ceiling as per the Act	11% of the profit of the company calculated as per section 198 of the Companies Act, 2013: ₹ 45.08 lakhs			

C. Remuneration to key managerial personnel other than MD / manager / WTD

(amount in ₹)

Sr. no.	Particulars of remuneration	Key managerial personnel		Total
		Chief financial officer	Company secretary	
		Mr. Bhavik J. Shah	Mr. Durgesh D. Soni	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	4,21,200	4,11,550	8,32,750
2	Stock option	-	-	-
3	Sweat equity	-	-	-
4	Commission - as % of profit - other, specify...	-	-	-
5	Others, specify...	-	-	-
	Total	4,21,200	4,11,550	8,32,750

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 29, 2019

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	1.53:1
		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	10.05%
		Mr. Durgesh D. Soni – company secretary	30.82%
(iii)	Percentage increase in the median remuneration of employees in the financial year	40.03%	
(iv)	Number of permanent employees on the rolls of company as on March 31, 2019	7 employees	
(v)	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 31.25% whereas increase in managerial remuneration was nil.	
(vi)	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.	

Disclosure as per section 197(12) of the Companies Act, 2013 & rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. no. in terms of remuneration*	1	2	3	4	5	6	7
Name of the employee	Mr. Amit Modi	Mr. Durgesh Soni	Mr. Bhavik J. Shah	Mr. Ketan Patel	Mr. Nishit Vyas	Mr. Kiran Jani	Mrs. Juhi Giletwala
Designation of the employee	Senior accountant	Company secretary	Chief financial officer	Executive – wealth	Back office executive	Driver	Executive – wealth
Remuneration received during FY 2018-19 (in ₹)	2,01,250/-	4,11,550/-	4,21,200/-	3,92,600/-	2,77,550/-	2,40,890/-	2,07,350/-
Nature of employment	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
Qualification	B.Com	Company Secretary, M. Com. & LL. B.	B. Com., ICAI Inter & ICMAI Inter	B. Sc.	M. Com.	-	M. Com. & LL. B.
Experience	25 years	4 years	17 years	10 years	16 years	-	7 years
Date of commencement of employment	November 1, 2018	May 24, 2016	September 25, 2010	July 1, 2013	December 26, 2007	-	July 16, 2012
Age of employee (years)	48	25	47	34	36	40	27
Last employment held before joining the company	Khandwala Enterprise Private Limited	Arfin India Limited	Kunvarji Finstock Private Limited	ICICI Bank, Ahmedabad	Interface Brokerage and Research Limited	-	NA
% of equity shares held in the company	-	-	-	-	-	-	-
Whether relative of any director, if yes, name of such director	No	No	No	No	No	No	No

* based on last month salary of financial year under report

For and on behalf of the board of directors
KIFS Financial Services Limited**Rajesh P. Khandwala**
(Chairman & managing director)
(DIN: 00477673)

Ahmedabad, May 29, 2019

Annexure – 3**FORM MR – 3****SECRETARIAL AUDIT REPORT**

(FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019)

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
KIFS Financial Services Limited
(CIN: L67990GJ1995PLC025234)
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, 2019. 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, the company has, during the audit period covering the financial year ended on March 31, 2019 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 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, 2019, according to the provisions of:
 - (i) The Companies Act, 2013 (“the Act”) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
 - (iv) 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 / 2015, as the case may be;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 upto September 10, 2018 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 w.e.f. September 11, 2018;

- (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 (Share Based Employee Benefits) Regulations, 2014;
- (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 upto September 10, 2018 and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 w.e.f. September 11, 2018;
- (h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

- (j) The Secretarial Standards issued by the Institute of Company Secretaries of India; and
- (k) The Listing Agreements entered into by the company with the 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 thereunder, 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-materialization of securities and reconciliation of records of dematerialized securities with all securities issued by the company;
- (iii) The company has, complied with the provisions of the Companies Act, 1956, the Companies Act, 2013 and the rules made thereunder 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 the Bombay Stock Exchange Limited; and
- (v) The company has complied with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015.

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 (Share Based Employee Benefits) Regulations, 2014 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 / 2018, as the case may be, 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 notices are 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, if any, 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 was 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. I further report that having regard to the compliance system prevailing in the company and on examination of relevant documents and records in pursuance thereof, the company has complied with the following laws applicable specifically to the company:
- (i) The Reserve Bank of India Act, 1934 and its circulars, master circulars, notifications and directions as prescribed for NBFC companies; and
- (ii) The Prevention of Money Laundering Act, 2002.
- VII. I further report that having regard to compliance of financial laws, income tax laws, goods & service tax laws, we have relied on the report of statutory auditors of the company.
- VIII. I further report that 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.
- IX. I further report that, 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 29, 2019

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-1

To,
The Members,
KIFS Financial Services Limited
(CIN: L67990GJ1995PLCo25234)
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 29, 2019

Management discussion and analysis report

I. Industry structure and developments

KIFS Financial Services Limited 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. However, post closure of financial year ended on March 31, 2019, the company has duly surrendered its registration as an investment advisor under the SEBI (Investment Advisers) Regulations, 2013 availed vide registration no. INA000001852 during the financial year ended on March 31, 2015.

The country's financial services sector consists of the capital markets, insurance sector and non-banking financial companies (NBFCs). As per the various published reports, India's gross national savings (GDS) as a percentage of gross domestic product (GDP) stood at 30.50 per cent in 2019. The total amount of initial public offerings increased to ₹ 84,357 crore (US\$ 13,089 million) by the end of FY18. IPO's reached to US\$ 1.94 billion in FY19 (up to Feb 2019).

Non-banking financial companies (NBFCs) form an integral part of the Indian financial system 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. Moreover, with the banking system clearly constrained in terms of expanding their lending activities, the role of NBFCs becomes even more important now, especially when the government has a strong focus on promoting entrepreneurship so that India can emerge as a country of job creators instead of being one of job seekers.

II. Opportunities and threats

To carry success story forward, the organization needs to evaluate the opportunities & threats and synchronize its plans with them.

Opportunities

- Company's excellent customer service and strong experience and brand recognition
- Government initiatives for startups
- Robust risk management framework
- Aid by regulatory reforms for inclusion of various class of investors
- Low retail penetration of financial services / products
- Strong managerial capabilities
- Integration of various financial services in the group

Threats

The company believes to be exposed to the following type of risks:

- Short term economic slowdown impacting investor sentiments and business activities
- Slowdown in market liquidity flows
- Market fluctuations
- Execution risks and regulatory changes
- Competitions from banks and other NBFCs
- Volatility of business cycle

III. Segment-wise / product-wise performance

The company is engaged in a single segment of finance and thus separate segment wise performance details can't be given. As for the product wise performance, the board wishes to state that the margin funding income has been increased to ₹ 5,09,64,320/- in compare to ₹ 4,90,01,447/- for the previous financial year showing YoY growth of 4.06%. Mutual fund distribution commission income has also been increased from ₹ 38,81,462/- to ₹ 39,77,149/- registering year on year growth of 2.47%. Management advisory fees income for the financial year under report stands at ₹ 40,00,000/-. Other income for the financial year remains at ₹ 50,573/- in compare to ₹ 40,161/- for the previous financial year.

IV. Outlook

The Indian economy is growing strongly and retains a bright spot in the global landscape. India's overall outlook remains positive, although growth was slow temporarily as a result of disruptions to consumption and business activity from the recent withdrawal of high-denomination banknotes from circulation. The nation's expansion will pick up as economic reforms accelerate. The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. Therefore, the company is optimistic about the recovery of Indian economy and the capital market. India is relatively less impacted from global protectionist measures as domestic consumption remains around 63% of GDP.

The outlook of the company for the year ahead is to obtain profitable growth. Non banking financial companies are competing with the banks in providing financial services and have been playing a complementary role with other financial institutions in the Indian economy. India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2019-20.

V. Risks and concerns

The risk management oversight structure includes committees of the board and senior management. The risk management process is governed by the comprehensive risk management framework which lays down guidelines for risk identification, assessment and monitoring as an ongoing process. It entails establishment of robust systems and processes within the risk management framework to mitigate risks effectively.

Risk management committee, which meets a minimum of two times a year, reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives with a structured plan. The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the company about risk management.

The company believes and identifies that it is exposed mainly to the liquidity risk, interest rate risk, business risk, operation risk, credit risk and regulatory risk. KIFS recognizes that the risks need to be managed to protect its customers, employees, shareholders and other stakeholders, to achieve its business objectives and to enable the sustainable growth. Although the board recognizes presence of these risks, but there are no risks which in the opinion of the board threaten the existence of the company.

VI. Internal control systems and their adequacy

The company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all the transactions are authorized, recorded and reported properly and the applicable statutes, code of conduct and corporate policies are duly complied with. The company has an internal audit mechanism which ensures audit in various functional areas as per the best standards. The internal audit mechanism ensures reporting of the observations, if any, to the audit committee to review the audit issues and to follow up implementation of corrective actions. The system also meticulously records all transaction details and ensures regulatory compliance. Apart from this, the company ensures all internal financial control parameters get evaluated by the auditors of the company. The adequacy and effectiveness of internal financial controls is also reported in the auditors' report.

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;
- to prevent and early detection of frauds and malpractices, if any; and
- to ensure timely preparation of reliable financial information.

VII. Financial performance with respect to operational performance

The overall financial performance of the company during the financial year ended on March 31, 2019 is simplified in tabular form as under:

Sr. no.	Particulars	March 31, 2019 (₹ in lakhs)	March 31, 2018 (₹ in lakhs)
1	Total revenue	589.92	605.37
2	Profit before interest, depreciation and tax	524.94	530.80
3	Depreciation	6.95	10.18
4	Finance cost	114.13	105.78

Sr. no.	Particulars	March 31, 2019 (₹ in lakhs)	March 31, 2018 (₹ in lakhs)
5	Tax	121.44	114.73
6	Profit after tax	282.41	300.11
7	Net profit margin (%)	47.87%	49.58%
8	EPS (basic and diluted) (amount in ₹)	2.61	2.77

VIII. Human resources / industrial relations

The company strongly believes that its human resources are critical to its success and carrying forward its mission. With their sustained, determined and able work efforts the company has been able to cruise smoothly through the hard time of the economic volatility and rapidly changing market conditions. By creating conducive environment for career growth, company always tries to achieve the maximum utilization of employee's skills in the most possible way.

The company recognizes people as the primary source of its competitiveness and continues to focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. Board of directors thanks all of the employees for their valuable contribution towards the growth of the company.

There were no cases of sexual harassment of woman at work place. Also, there are no instances of child labour / forced labour / involuntary labour and discriminatory employment during the year.

There are 7 employees employed by the company on payroll as on March 31, 2019. Industrial relations throughout the year continued to remain very cordial and satisfactory.

IX. Key financial ratios

Key indicators	2018-19	2017-18
PBT / total income (%)	68.46	68.53
PBT / total assets (%)	4.02	8.94
Debt / equity (x)	2.38	0.59
Debt service coverage ratio (x)	4.62	5.03
Net profit margin (%)	47.87	49.58
Return on net worth (%)	9.83	11.03

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 the stakeholders and 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, 2019, 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, 2019, the composition of board is given herein below:

- Mr. Rajesh P. Khandwala (Executive chairman, managing, non independent director)
- Mrs. Sonal R. Khandwala (Non executive, non independent, woman 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 23rd annual general meeting (AGM) (held on September 21, 2018) is as under:

Sr. no.	Name of director	Dates of board meetings and attendance				23 rd AGM
		May 22, 2018	August 13, 2018	November 13, 2018	February 14, 2019	
1	Mr. Rajesh P. Khandwala	✓	✓	✓	✓	✓
2	Mrs. Sonal R. Khandwala	✓	✓	✓	✓	✓
3	Mr. Devang M. Shah	✓	✓	✓	✓	✓
4	Mr. Dharmendra N. Soni	✓	✓	✓	✓	✓

✓ denotes presence

c. Number of other board of directors or committees in which a director is a member or chairperson

Sr. no.	Name of director	Relationship inter-se 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	7 [#]	4 [#]	-
2	Mrs. Sonal R. Khandwala	Related to Mr. Rajesh P. Khandwala as being his wife	-	-	-
3	Mr. Devang M. Shah	-	-	-	-
4	Mr. Dharmendra N. Soni	-	-	-	-

*only statutory committees of board of directors have been taken into consideration

[#]includes no other listed entity

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, 2019	No. of convertible instruments held as on March 31, 2019
1	Mr. Devang M. Shah	-	Not issued by the company
2	Mr. Dharmendra N. Soni	180	
3	Mrs. Sonal R. Khandwala	-	

g. Web link of details of familiarization programmes imparted to the independent directors

Following is the web link of familiarization programmes imparted to the independent directors of the company:

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

h. Matrix / table containing skills / expertise / competence of the board of directors

The board members are from diversified areas having the required knowledge, competency, skills and experience to effectively discharge their responsibilities. The range of experience of the board members includes in the areas of primary market, secondary market, mutual funds, arbitrage operations, banking & finance, taxation and legal.

The company has identified and broadly categorized its core skills, expertise and competencies as mentioned hereunder:

Matrix / table of core skills, expertise and competencies of board of directors as whole:

Particulars	Detailed list of core skills, expertise and competencies
Core Skills	Strategic policy formulation and advising, regulatory framework knowledge, financial performance, advising on Risk mitigation and compliance requirements
Expertise	Knowledge of stock market, commercial acumen and able to guide in building the right environment for human assets development
Competencies	Strategic leadership, execution of policies framed by the board, identifying the growth areas for expanding the business in India and outside India and advising on business risks & environment

i. Confirmation of the board regarding the independent directors

The board of directors confirms that in the opinion of the board, the independent directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and are independent of the management.

III. Audit committee**a. Brief description of terms of reference**

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 roles 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.

Composition of the audit committee

During the financial year under report and as at March 31, 2019, 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, managing, non independent director)

All members of the audit committee have the requisite qualification for appointment on the committee and posses sound knowledge of finance, accounting practices and internal controls.

Mr. Durgesh D. Soni, company secretary & compliance officer acts as secretary of the committee.

b. Meetings and attendance

During the financial year ended on March 31, 2019, four meetings of the audit committee were held on (i) May 22, 2018, (ii) August 13, 2018, (iii) November 13, 2018 and (iv) February 14, 2019.

All the three members of the audit committee had attended all the audit committee meetings held 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;
- 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; and
- recommend to the board, all remuneration, in whatever form, payable to senior management.

b. Composition of the nomination and remuneration committee

During the financial year under report and as at March 31, 2019, 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 acts as secretary of the committee.

c. Meetings and attendance

During the financial year ended on March 31, 2019, one meeting of the nomination and remuneration committee was held on May 22, 2018 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 the 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 are 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 ₹)

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, 2019, 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, managing, non independent director)

Mr. Durgesh D. Soni, company secretary of the company acts as secretary of the committee and Mr. Soni has also been designated as compliance officer of the company under the provisions of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the financial year ended on March 31, 2019, four meetings of the stakeholders' grievance committee were held on (i) May 22, 2018, (ii) August 13, 2018, (iii) November 13, 2018 and (iv) February 14, 2019.

During the financial year ended on March 31, 2019, 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
23 rd AGM for the financial year 2017-18	Friday, September 21, 2018	4:00 pm	Registered office: B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
22 nd AGM for the financial year 2016-17	Friday, September 22, 2017	5:00 pm	Registered office: B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
21 st AGM for the financial year 2015-16	Friday, August 19, 2016	12:00 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
23 rd AGM for the financial year 2017-18	At the annual general meeting: <ul style="list-style-type: none"> Re-appointment of Mr. Dharmendra N. Soni (DIN: 01659489) as an independent director Re-appointment of Mr. Devang M. Shah (DIN: 01788760) as an independent director
22 nd AGM for the financial year 2016-17	At the annual general meeting: <ul style="list-style-type: none"> Re-appointment of Mr. Rajesh P. Khandwala (DIN: 00477673) as an executive chairman and managing director
21 st AGM for the financial year 2015-16	Nil

c. Special resolution(s) passed during the year through postal ballot

No resolution was passed during the financial year under report by way of postal ballot.

d. Persons who conducted postal ballot exercise

Please refer point c. above.

e. Whether any special resolution is proposed to be conducted through postal ballot

No special resolution is 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 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, September 27, 2019
Time	:	4:00 pm
Venue	:	Registered office KIFS Financial Services Limited B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
Record date	:	Friday, September 20, 2019

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, 2019
Second quarter / half yearly result	Within 45 days from closure of quarter / half year ending on September 30, 2019
Third quarter result	Within 45 days from closure of quarter ending on December 31, 2019

Results for the financial year ending on March 31, 2020	Within 60 days from closure of quarter / financial year ending on March 31, 2020
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c. Dividend payment dates

The final dividend, if declared for the financial year ended on March 31, 2019, in the ensuing annual general meeting shall be paid on or before Sunday, October 27, 2019.

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, 2019 as well as financial year ending on March 31, 2020.

e. Scrip / stock code

BSE	:	535566
ISIN	:	INE902D01013

f. Market price data of the equity shares of the company (BSE Portal)

Months	High (₹)	Low (₹)	Closing (₹)	Volume (No. of shares)
2018				
April	106.95	80.00	104.20	10,060
May	108.40	99.00	105.00	3,510
June	100.00	79.00	79.00	2,076
July	80.50	66.75	70.65	3,708
August	74.00	66.55	73.50	4,443
September	84.50	68.85	76.50	1,887
October	79.35	65.50	76.35	1,107
November	102.15	79.95	93.60	692
December	97.65	80.75	81.00	4,861
2019				
January	84.00	72.00	72.00	703
February	70.00	59.90	59.90	168
March	65.30	56.35	63.90	4,447

g. Performance in compare to broad based indices (BSE sensx)

Months	Month closing prices of BSE sensx index (₹)	% Increase / (decrease) in compare to previous month	Month closing prices of company's equity shares on BSE (₹)	% increase / (decrease) in compare to previous month
2018				
April	35,160.36	6.65%	104.20	20.88%
May	35,322.38	0.46%	105.00	0.77%
June	35,423.48	0.29%	79.00	(24.76%)
July	37,606.58	6.16%	70.65	(10.57%)
August	38,645.07	2.76%	73.50	4.03%
September	36,227.14	(6.26%)	76.50	4.08%
October	34,442.05	(4.93%)	76.35	(0.20%)
November	36,194.30	5.09%	93.60	22.59%
December	36,068.33	(0.35%)	81.00	(13.46%)
2019				
January	36,256.69	0.52%	72.00	(11.11%)
February	35,867.44	(1.07%)	59.90	(16.81%)
March	38,672.91	7.82%	63.90	6.68%

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

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:

Link Intime India Private Limited,

506-508, Amarnath Business Center – 1, Besides Gala Business Center,

Nr. St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad – 380009, Gujarat, India.

Ph. no.: +91 79 26465179, 86, 87, 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 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 / stakeholders' grievance committee 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 the listing regulations (including any statutory modification(s) or re-enactment(s) for the time being in force) and files the same with the Bombay Stock Exchange.

k. Distribution of shareholding as on March 31, 2019

No. of equity share held	No. of shareholders	% of shareholders	No. of equity shares held	% of shareholding
Upto 500	468	77.61%	70,373	0.65%
501 to 1,000	57	9.45%	47,705	0.44%
1,001 to 2,000	31	5.14%	45,668	0.42%
2,001 to 3,000	14	2.32%	33,662	0.31%
3,001 to 4,000	8	1.33%	28,681	0.27%
4,001 to 5,000	2	0.33%	8,640	0.08%
5,001 to 10,000	4	0.66%	26,900	0.25%
10,001 and above	19	3.15%	1,05,56,371	97.58%
Total	603	100.00%	1,08,18,000	100.00%

Category of shareholders as on March 31, 2019

Category	No. of shareholders	% of shareholders	No. of equity shares held	% of shareholding
A. Promoter & promoter group shareholding				
Body corporate	1	0.17%	80,50,000	74.41%
B. Public shareholding				
(a) Body corporate	12	1.99%	5,07,883	4.69%
(b) Resident individuals	553	91.71%	18,91,454	17.48%
(c) HUF	33	5.47%	2,05,709	1.90%
(d) NRI	1	0.17%	1	0.00%
(e) Clearing members	2	0.33%	1,553	0.01%
(f) IEPF authority	1	0.17%	1,61,400	1.49%
Total	603	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).

1,07,52,580 equity shares representing 99.40% of the paid up equity share capital of the company have been dematerialized till March 31, 2019.

Holding as on March 31, 2019

Mode of holding	No. of equity shares	% of total paid up capital
Electronic – CDSL	10,87,708	10.05%
Electronic – NSDL	96,64,872	89.34%
Physical	65,420	0.60%
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, 2019, please refer point 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

Being an NBFC, your company 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 26400140, 740, Fax: +91 79 26403717, Email: cs@kifs.co.in, Website: www.kifsfinance.com

Registrar and share transfer agent

Link Intime India Private Limited,
506-508, Amarnath Business Center – 1, Besides Gala Business Center,
Nr. St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad – 380009, Gujarat, India.
Ph. no.: +91 79 26465179, 86, 87, Fax: +91 79 26465179,
Email: ahmedabad@linkintime.co.in, Website: www.linkintime.co.in

q. List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad

The CARE Ratings Limited has vide its letter dated May 31, 2019, provided the credit rating to the company for its facilities as given below:

Facilities	Amount (₹ Crore)	Rating	
		ICRA (old)	CARE (revised)
Long-term / short-term bank facilities (over draft against fixed deposits)	25.00	ICRA BBB+ (stable)	CARE BBB+; Stable/CARE A2 (Triple B Plus; Outlook: Stable/ A Two)
Total facilities	25.00 (Rupees Twenty Five Crores Only)		

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 in this regard.

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.

h. During the financial year under report, the company didn't raise any funds through preferential allotment or qualified institutions placement as specified under regulation 32 (7A).

i. **A compliance certificate** from M/s. Anamika Jajoo & Co., practicing company secretary, confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the board / ministry of corporate affairs or any such authority is attached as annexure to this corporate governance report.

j. There was no such instance during the financial year 2018-19 when the board of directors had not accepted recommendation(s), if any, made by any of the committee(s) of the board of directors of the company.

k. Statutory audit fees of ₹ 60,000/- have been paid by the company to M/s. Bimal Shah Associates (FRN-101505W) for agreed services between the company and the said firm of auditors for the financial year 2018-19.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. number of complaints filed / received during the financial year – nil

b. number of complaints disposed of during the financial year – not applicable

c. number of complaints pending as on end of the financial year – not applicable

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

The company is in compliance with the corporate governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (listing regulations) for the financial year ended on March 31, 2019, to the extent applicable.

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 following 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 2018-19.”

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

- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: 1,52,500 equity shares of ₹ 10/- each from 1,394 folios (with IEPF authority)
- Number of shareholders who approached listed entity for transfer of shares from suspense account during the year: nil
- Number of shareholders to whom shares were transferred from suspense account during the year: not applicable
- Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: 1,61,400 equity shares of ₹ 10/- each from 1,468 folios (with IEPF authority)

Shareholders are requested to make sure encashment of their dividend to avoid transfer of their shares to the investor education and protection fund unnecessarily.

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 the provisions of regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended on March 31, 2019.

XVIII. Transfer of unclaimed dividend to the investor education and protection fund

During the financial year under report, your company has transferred the unpaid dividend amount of ₹ 1,79,400/- (rupees one lakh seventy nine thousand four hundred only) for the financial year 2010-11, 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 voluntarily 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, managing, 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 practices and procedures for fair disclosure of unpublished price sensitive information for adhering to the principles of fair disclosure, a code of internal procedures and conduct for regulating, monitoring and reporting of trading by insiders and policy and procedures for inquiry in case of leak of unpublished price sensitive information for prevention and regulation of trading in the company's shares by insiders are in vogue.

The code prohibits purchase or sale of company's shares by directors, KMP and other designated person, designated employees while in possession of unpublished price sensitive information in relation to the company. The same can be found on website of the company at the investors section.

XXI. Reconciliation of share capital audit

As stipulated by the 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 29, 2019

Managing director (MD) & chief financial officer (CFO) certificate

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, 2019 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 29, 2019

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, 2019, as per the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('listing regulations') for the period commencing from April 1, 2018 to March 31, 2019.

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 listing regulations.

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. Bimal Shah Associates**,
Chartered accountants
FRN: 101505W

Bimal Arvindbhai Shah
(Proprietor)
Membership no.: 042372

Ahmedabad, May 29, 2019

Certificate of non-disqualification of directors

To,
The members of
KIFS Financial Services Limited,
B-81, Pariseema Complex, C. G. Road,
Ellisbridge, Ahmedabad – 380006, Gujarat, India.

I have examined the relevant registers, records, forms, returns and disclosures received from the directors of KIFS Financial Services Limited having CIN: L67990GJ1995PLC025234 and having its registered office situated at B-81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India (hereinafter referred to as ‘the company’), produced before me by the company for the purpose of issuing this certificate, in accordance with regulation 34(3) read with schedule V para C sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including directors identification number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the company & its officers, I / we hereby certify that none of the directors on the board of the company as stated below for the financial year ended on March 31, 2019 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other statutory authority. The details of directors of the company throughout the year and as on closure of the financial year i.e. on March 31, 2019 are as below:

Sr. no.	Name of director	DIN	Date of appointment in company
1	Rajesh Parmanand Khandwala	00477673	July 31, 2010
2	Sonal Rajesh Khandwala	01788620	May 27, 2014
3	Dharmendra Navnitlal Soni	01659489	December 28, 2002
4	Devang Manubhai Shah	01788760	December 28, 2002

Ensuring the eligibility of for the appointment / continuity of every director on the board is the responsibility of the management of the company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Anamika Jajoo & Co.**,
Practicing company secretary

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

Ahmedabad, May 29, 2019

FINANCIAL STATEMENTS AND NOTES

(FY 2018-19)

Independent auditors' report

To the members of
KIFS Financial Services Limited,

Report on the financial statements

Opinion

We have audited the financial statements of KIFS FINANCIAL SERVICES LIMITED ("the company"), which comprise the balance sheet as at March 31, 2019, the statement of profit and loss (including other comprehensive income) and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting standards prescribed under section 133 of the Act and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019, the profit and total comprehensive income and its cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the standards on auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matter to communicate in our report.

Information other than the financial statements and auditor's report thereon

The company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the management discussion and analysis, board's report including annexures to board's report, business responsibility report, corporate governance and shareholder's information, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The company's board of directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income and cash flows of the company in accordance with the AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and

maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board of directors are also responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the central government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.
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 including other comprehensive income and the statement of cash flow dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the as specified under section 133 of the Act;
 - (e) on the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 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 "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting;
 - (g) with respect to the other matters to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act and is within the limit specified under the said section.

- (h) 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. During the financial year under report i.e. 2018-19, the company has duly transferred ₹ 1,79,400/-, the unclaimed and unpaid dividend amount for the financial year 2010-11 to the investor education and protection fund.

For **Bimal Shah Associates**,
Chartered accountants
FRN: 101505W

Bimal A. Shah
(Proprietor)
Membership no.: 042372

Ahmedabad, May 29, 2019

Annexure – “A” to the independent auditors’ report

Referred to in paragraph 1 under the heading 'report on other legal & regulatory requirement' of our report of even date to the standalone financial statements of the company for the year ended March 31, 2019.

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

(b) As explained to us, 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;

(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 finance 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, the closing balance due from the above parties as at March 31, 2019 is ₹ 237.46 lakhs and the maximum amount involved during the year was ₹ 2810.00 lakhs. 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, 2019 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 Act.
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 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 year. Accordingly, the provision 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 an NBFC, is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The company is duly 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 **Bimal Shah Associates**,
Chartered accountants
FRN: 101505W

Bimal A. Shah
(Proprietor)
Membership no.: 042372

Ahmedabad, May 29, 2019

Annexure – “B” to the independent auditors’ 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, 2019 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 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 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 statement.

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, 2019, 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 **Bimal Shah Associates**,
Chartered accountants
FRN: 101505W

Bimal A. Shah
(Proprietor)
Membership no.: 042372

Ahmedabad, May 29, 2019

Balance sheet as at March 31, 2019

		Note no.	As at	As at
			March 31, 2019	March 31, 2018
			Amount in ₹	Amount in ₹
A	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share capital	2	10,81,80,000	10,81,80,000
	(b) Reserves & surplus	3	17,90,43,039	16,38,43,740
			28,72,23,039	27,20,23,740
2	NON CURRENT LIABILITIES			
	(a) Long term borrowings		-	-
	(b) Deferred tax liabilities (net)		-	-
	(c) Long term provisions	4	23,76,330	-
			23,76,330	-
3	CURRENT LIABILITIES			
	(a) Short term borrowings	5	68,31,17,419	16,08,70,179
	(b) Trade payables		-	-
	(c) Other current liabilities	6	23,09,977	26,09,086
	(d) Short term provisions	7	3,07,12,550	2,87,88,998
			71,61,39,946	19,22,68,263
	Total		100,57,39,316	46,42,92,003
B	ASSETS			
1	NON CURRENT ASSETS			
	(a) Fixed assets			
	(i) Tangible assets	8	15,36,283	22,31,545
	(ii) Capital work-in-progress		-	-
			15,36,283	22,31,545
	(b) Non current investments		-	-
	(c) Deferred tax assets (net)	18.8	4,22,458	3,66,862
	(d) Long term loans and advances	9	1,16,300	1,16,300
	(e) Other non current assets		-	-
			20,75,041	27,14,707
2	CURRENT ASSETS			
	(a) Inventories		-	-
	(b) Trade receivables		-	-
	(c) Cash and cash equivalents	10	3,73,64,389	4,58,60,936
	(d) Short term loans and advances	11	96,62,99,886	41,57,16,360
			100,36,64,275	46,15,77,296
	Total		100,57,39,316	46,42,92,003
	Notes forming part of the financial statements	1 to 18		

As per our attached report of even date

For **M/s. Bimal Shah Associates,**

Chartered accountants

FRN: 101505W

For and on behalf of board of directors of **KIFS Financial Services Limited****Rajesh P. Khandwala**

(Managing director – DIN: 00477673)

Devang M. Shah

(Director – DIN: 01788760)

Bimal Arvindbhai Shah

(Proprietor)

(Membership no.: 042372)

Durgesh D. Soni

(Company secretary)

Bhavik J. Shah

(Chief financial officer)

Ahmedabad, May 29, 2019

Ahmedabad, May 29, 2019

Statement of profit & loss for the financial year ended on March 31, 2019

		Note no.	For the financial year 2018-19	For the financial year 2017-18
			Amount in ₹	Amount in ₹
	INCOME			
1	Revenue from operations	12	5,89,41,469	6,04,97,059
2	Other income	13	50,573	40,161
3	Total revenue		5,89,92,042	6,05,37,220
	EXPENDITURE			
4	(a) Employee benefits expense	14	27,52,024	36,19,504
	(b) Finance costs	15	1,14,13,135	1,05,77,720
	(c) Depreciation	8	6,95,262	10,17,796
	(d) Provision & Write-Offs	16	23,76,330	-
	(d) Other expenses	17	13,69,545	38,37,269
	Total expenses		1,86,06,296	1,90,52,289
5	Profit before exceptional and extraordinary items and tax		4,03,85,746	4,14,84,931
6	Exceptional items (MAT credit entitlement net of current year's utilisation)		-	-
7	Profit before extraordinary items and tax		4,03,85,746	4,14,84,931
8	Extraordinary items		-	-
9	Profit before tax		4,03,85,746	4,14,84,931
10	Tax expense			
	(a) Current tax (including of current year's MAT credit)		1,22,00,000	1,61,00,000
	(b) Excess provision of earlier years		-	-
	(c) Net tax expense		1,22,00,000	1,16,00,000
	(d) Deferred tax assets		55,596	1,26,547
			1,21,44,404	1,14,73,453
11	Profit after tax		2,82,41,342	3,00,11,478
12	Earnings per share (of ₹ 10/- each)	18.7		
	(a) Basic		2.61	2.77
	(b) Diluted		2.61	2.77
	Notes forming part of the financial statements	1 to 18		

As per our attached report of even date

For **M/s. Bimal Shah Associates,**

Chartered accountants

FRN: 101505W

For and on behalf of board of directors of **KIFS Financial Services Limited****Rajesh P. Khandwala**
(Managing director – DIN: 00477673)**Devang M. Shah**
(Director – DIN: 01788760)**Bimal Arvindbhai Shah**
(Proprietor)
(Membership no.: 042372)**Durgesh D. Soni**
(Company secretary)**Bhavik J. Shah**
(Chief financial officer)

Ahmedabad, May 29, 2019

Ahmedabad, May 29, 2019

Cash flow statement for the financial year ended on March 31, 2019

	For the financial year 2018-19		For the financial year 2017-18	
	Amount in ₹		Amount in ₹	
A Cash flow from the operating activities				
Net profit after tax and without deferred tax		2,81,85,746		2,98,84,931
Add: adjustments for:				
Depreciation	6,95,262		10,17,796	
Misc. expenses written off	-	6,95,262	-	10,17,796
Less:				
Profit on sale of fixed assets	-	6,95,262	-	10,17,796
Operating profit before working capital changes		2,88,81,008		3,09,02,727
Add: decrease in working capital				
Short term provision increased	-		-	
Short term borrowings increased	52,22,47,240		-	
Long term provision increased	23,76,330			
Short term loans & advances decreased	-		7,50,77,635	
Inventories decreased	-	52,46,23,570	-	7,50,77,635
Less: increase in working capital				
Short term borrowings reduced	-		(8,59,77,145)	
Short term loans & advances increased	(55,05,83,526)		-	
Short term provision decreased	19,23,552		(45,00,000)	
Other current liabilities decreased	(2,99,109)	(54,89,59,083)	(17,83,507)	(9,22,60,652)
Cash generated from operations		-2,43,35,513		-1,71,83,017
Less: misc. expenses incurred		45,45,495		1,37,19,710
Net cash flow from operating activities (A)		45,45,495		1,37,19,710
B Cash flow from investing activities				
Inflows				
Increase in share capital & share premium	-		-	
Sale of investments	-		-	
Interest received	-		-	
Out flows				
Purchase of fixed assets	-		-	
Purchase of investments	-		-	
Interest paid	-		-	
Net cash used in investing activities (B)		-		-
C Cash flow from financing activities				
Increase in unsecured loans	-		-	
Increase in secured loans	-		-	
Less:				
Payment of dividend & dividend tax	1,30,42,042		1,17,18,490	
Repayment of short term borrowing	-	1,30,42,042	-	1,17,18,490
Net cash used in financing activities (C)		(1,30,42,042)		(1,17,18,490)
Net decrease / increase in cash & cash equivalents	(A+B+C)	(84,96,547)	(A+B+C)	20,01,220
Cash & cash equivalents (opening balance)		4,58,60,936		4,38,59,715
Cash & cash equivalents (closing balance)		3,73,64,389		4,58,60,936

As per our attached report of even date

For **M/s. Bimal Shah Associates,**

Chartered accountants

FRN: 101505W

For and on behalf of board of directors of **KIFS Financial Services Limited****Rajesh P. Khandwala**
(Managing director – DIN: 00477673)**Devang M. Shah**
(Director – DIN: 01788760)**Bimal Arvindbhai Shah**
(Proprietor)
(Membership no.: 042372)**Durgesh D. Soni**
(Company secretary)**Bhavik J. Shah**
(Chief financial officer)

Ahmedabad, May 29, 2019

Ahmedabad, May 29, 2019

Notes forming part of the financial statements

Note 1 Significant accounting policies

a) Corporate information

KIFS 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 18.02.1998). KFSL is a public limited company and is listed on Bombay Stock Exchange Ltd. It offers capital market products like margin trading, loan against shares (las) and funding primary market issues for the retail investors.

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 cost 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 earning per share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year.

Note 2 Share capital

	As at March 31, 2019		As at March 31, 2018	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 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 ₹ 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	Preferential issue	Closing balance
Equity shares with voting rights Year ended March 31, 2019				
- Number of shares	1,08,18,000	-	-	1,08,18,000
- Amount (₹)	10,81,80,000	-	-	10,81,80,000
Year ended March 31, 2018				
- Number of shares	1,08,18,000	-	-	1,08,18,000
- Amount (₹)	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, 2019		As at March 31, 2018	
	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 Khandwala Commercial Private Limited	80,50,000	74.41	80,50,000	74.41

Apart from this, no shares of the company are held by the holding company or subsidiary or associate of the holding company or ultimate holding company.

- (iii) The company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/-. All equity shares carry one vote per share without 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	As at
	March 31, 2019	March 31, 2018
	₹	₹
(a) Special reserve		
Opening balance	4,85,29,000	4,25,26,704
Add: transferred from surplus in statement of profit & loss	56,48,268	60,02,296
Closing balance	5,41,77,268	4,85,29,000
(b) Surplus in statement of profit and loss		
Opening balance	6,66,33,740	5,43,43,048
Add: profit for the year	2,82,41,342	3,00,11,478
Less: adjustment for depreciation	-	-
	9,48,75,082	8,43,54,526
Less: transferred to / appropriations:		
Special reserve	(56,48,268)	(60,02,296)
Proposed final dividend	(1,08,18,000)	(97,36,200)
Tax on final dividend	(22,24,042)	(19,82,290)
Reserves utilized for bonus shares	-	-
Closing balance	7,61,84,771	6,66,33,740
(c) Share premium	4,86,81,000	4,86,81,000
Total	17,90,43,039	16,38,43,740

Note 4 Long term provisions

	As at March 31, 2019	As at March 31, 2018
	₹	₹
a) Contingent provision for standard assets	23,70,687	-
b) Provision for sub standard assets	5,643	-
Total	23,76,330	-

Note 5 Short term borrowings

	As at March 31, 2019	As at March 31, 2018
	₹	₹
Working capital loans (over draft against fixed deposits)		
From banks		
Secured	86,87,721	1,16,39,765
Unsecured	-	-
From others		
Corporate bodies (unsecured)	67,44,29,698	14,92,30,414
Total	68,31,17,419	16,08,70,179

Note: Over Draft is primarily secured by way of first charge over the Fixed Deposit in the name of the company from Bank of Maharashtra.

Note 6 Other current liabilities

	As at March 31, 2019	As at March 31, 2018
	₹	₹
Other payables		
(i) Statutory remittances	11,18,042	13,58,233
(ii) Others		
a. Creditors for expenses	1,88,094	67,612
b. Unclaimed dividend*	10,03,841	11,83,241
Total	23,09,977	26,09,086

* There are no amounts due and outstanding to be credited to the investor education and protection fund.

Note 7 Short term provisions

	As at March 31, 2019	As at March 31, 2018
	₹	₹
Provision - others		
(i) Proposed equity final dividend	1,08,18,000	97,36,200
(ii) Tax on proposed equity dividend	22,24,042	19,82,290
(iii) Provision for current tax		
For F.Y. 2013-14	54,70,508	54,70,508
For F.Y. 2017-18	-	1,16,00,000
For F.Y. 2018-19	1,22,00,000	-
Total	3,07,12,550	2,87,88,998

Note 8 Fixed assets

Asset	Gross block (at cost)				Accumulated depreciation			Net block	
	Balance as at April 1, 2018	Additions during the year	Disposals during the year	Balance as at March 31, 2019	Balance as at April 1, 2018	Depreciation for the year	Eliminated on disposal of assets	Balance as at March 31, 2019	Balance as at March 31, 2018
Tangible assets									
a. Xerox machine	93,600	-	-	93,600	88,920	-	-	88,920	4,680
b. Telephone	95,186	-	-	95,186	87,782	1,977	-	89,759	7,404
c. Air conditioner	56,000	-	-	56,000	53,200	-	-	53,200	2,800
d. Computers	70,000	-	-	70,000	66,500	-	-	66,500	3,500
e. Motor car	50,59,227	-	-	50,59,227	28,53,164	6,89,050	-	35,42,214	22,06,063
Total	53,74,013	-	-	53,74,013	31,49,566	6,91,027	-	38,40,593	22,24,447
Previous year	53,74,013	-	-	53,74,013	21,43,939	10,05,627	-	31,49,566	46,93,889
Intangible assets									
a. Software	57,250	-	-	57,250	50,152	4,235	-	54,387	7,098
Total	57,250	-	-	57,250	37,983	4,235	-	54,387	7,098
Previous year	57,250	-	-	57,250	37,983	12,169	-	50,152	19,267

Note 9 Long term loans and advances

	As at March 31, 2019	As at March 31, 2018
	₹	₹
(a) Security deposits Unsecured, considered good	1,16,300	1,16,300
Total	1,16,300	1,16,300

Note 10 Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
	₹	₹
(a) Cash on hand	2,48,960	2,42,994
(b) Balances with banks		
(i) In current accounts	86,15,429	1,71,17,942
(ii) In fixed deposit accounts	2,85,00,000	2,85,00,000
Total	3,73,64,389	4,58,60,936

Note 11 Short term loans and advances

	As at March 31, 2019	As at March 31, 2018
	₹	₹
(a) Loans and advances to parties Secured, considered good	94,82,74,719	39,57,59,944
(b) Balances with government authorities	1,74,21,179	1,91,66,901
(c) Interest receivable Unsecured, considered good	1,34,655	1,21,418
(d) Loans to staff	2,12,000	3,36,000
(e) Prepaid expenses	2,57,333	3,32,097
Total	96,62,99,886	41,57,16,360

Note 12 Revenue from operations

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Revenue from operations	5,89,41,469	6,04,97,059
Total	5,89,41,469	6,04,97,059

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Income from operations comprises:		
Interest income	5,09,64,320	4,90,01,447
Loan processing / syndicate fees	-	71,100
Management / corporate advisory fees	40,00,000	75,43,050
Mutual fund distribution commission	39,77,149	38,81,462
Total – income from operations	5,89,41,469	6,04,97,059

Note 13 Other income

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Excess provision written back Kasar	50,573	40,075
	-	86
Total	50,573	40,161

Note 14 Employee benefits expense

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Salaries, bonus and incentives	21,44,210	29,76,280
Director remuneration	6,00,000	6,00,000
Staff training & welfare expenses	7,814	43,224
Total	27,52,024	36,19,504

Note 15 Finance costs

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Interest expense		
a. To banks	4,13,701	3,82,484
b. To others	1,09,99,434	1,01,95,236
Total	1,14,13,135	1,05,77,720

Note 16 Provision & write-offs

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
a) Contingent provision for standard assets	23,70,687	-
b) Provision for sub standard assets	5,643	-
Total	23,76,330	-

Note 17 Other expenses

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Advertisement expenses	48,865	9,09,450
Annual subscription	3,27,840	1,41,260
Auditors remuneration	60,000	60,000
Bank charges	9,815	13,991
Computer maintenance expenses	18,347	22,000
Demat & depository (registrar) charges	2,000	39,450
Director's sitting fees	80,000	80,000
Electricity	60,000	60,000
Insurance expenses	90,703	1,62,645
Kasar	6,506	1,673
Lease rent	60,000	60,000
Legal & professional fees	1,86,264	17,30,233
Legal & stamp charges	5,500	23,300
Listing fees	2,50,000	2,50,000
ROC filing fees	5,959	6,784
Office & general expenses	4,751	15,132
Other interest (paid for late payment of statutory dues)	15,131	14,557
Penalty expenses	-	9,100
Petrol expenses	62,840	55,727
Postage & courier charges	2,256	19,780
Printing & stationary expenses	8,551	1,13,790
Professional tax	2,000	2,000
Travelling expenses	8,698	26,397
SEBI registration fees (investment advisor)	20,000	20,000
Vehicle repair & maintenance expenses	33,519	-
Total	13,69,545	38,37,269

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Payments to the auditors comprises:		
As auditors - statutory audit	50,000	50,000
Taxation matters	10,000	10,000
Total	60,000	60,000

Note 18 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 2018-19	For the financial year 2017-18
	₹	₹
Statutory & tax audit	50,000	50,000
Taxation matters	10,000	10,000
Total	60,000	60,000

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 year.
6. There are no dues to micro, small and medium enterprise as at March 31, 2019. This information is required to disclose under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

7. Earnings per share

	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Profit / (loss) after tax (a)	2,82,41,342	3,00,11,478
Number of equity shares (b) (Face value of ₹ 10/- each)	1,08,18,000	1,08,18,000
Earnings per share (a / b)	2.61	2.77

8. Consequent to the accounting standard AS-22 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	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
A. Deferred tax assets		
Difference between books & tax depreciation	4,22,458	3,66,862
B. Deferred tax liabilities		
Difference between books & tax depreciation	-	-
Net deferred tax debit for the year	55,596	

9. Details of Expenditure and Earnings in Foreign Currency

Particulars	For the financial year 2018-19	For the financial year 2017-18
	₹	₹
Expenditure in foreign currency	-	-
Earnings in foreign currency	-	-

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 ₹ 60,000/- (previous year ₹ 60,000/-) disclosed as rent and the same have been recognized as an expenses in the profit and loss account.

12. Impairment of assets

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

13. Contingent liability

No contingent liability existed as at the date of balance sheet.

14. Disclosure regarding depreciation

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

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:

Khandwala Commercial Private Limited

Associate company:

Khandwala Enterprise Private Limited
Khandwala Finstock Private Limited
KIFS Trading LLP
KIFS Motor Private Limited
KIFS Commodities Private Limited
KIFS International LLP
KIFS Trade Capital Private Limited
KIFS Housing Finance Private Limited
SKZ Developers
Khandwala Tradelink Co.

Key managerial personnel:

Rajesh P. Khandwala
Bhavik J. Shah
Durgesh D. Soni

Relatives of key managerial personnel:

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

15.2 Related party transactions and balances:

(₹ in lakhs)

Transaction	Holding / associates companies	Key managerial personnel	Relative Of key managerial personnel	Total
Inter corporate loan received (max balance during year)	1,445.95	-	-	1,445.95
Inter corporate loan given (max balance during year)	3,221.00	-	-	3,221.00
Interest received on loans	42.42	-	-	42.42
Interest paid on loans	49.76	-	-	49.76
Reimbursement of expenses	1.20	-	-	1.20
Debit balance outstanding as on March 31, 2019	244.67	-	-	244.67
Credit balance outstanding as on March 31, 2019	39.78	-	-	39.78
Director remuneration	-	6.00	-	6.00

As per our report of even date
For **M/s. Bimal Shah Associates**,
Chartered accountants
FRN: 101505W

For and on behalf of board of directors of **KIFS Financial Services Limited**

Rajesh P. Khandwala
(Managing director – DIN: 00477673)

Devang M. Shah
(Director – DIN: 01788760)

Bimal Arvindbhai Shah
(Proprietor)
(Membership no.: 042372)

Durgesh D. Soni
(Company secretary)

Bhavik J. Shah
(Chief financial officer)

Ahmedabad, May 29, 2019

Ahmedabad, May 29, 2019



KIFS Financial Services Limited

Registered office: B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
CIN: L67990GJ1995PLC025234, Ph. no.: +91 79 26400140, 740, Fax: +91 79 26403717,
Email: cs@kifs.co.in, Website: www.kifsfinance.com

24th annual general meeting – Friday, September 27, 2019

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 24th annual general meeting of the company at the registered office of the company on Friday, September 27, 2019 at 4:00 pm.

Signature of the member / proxy

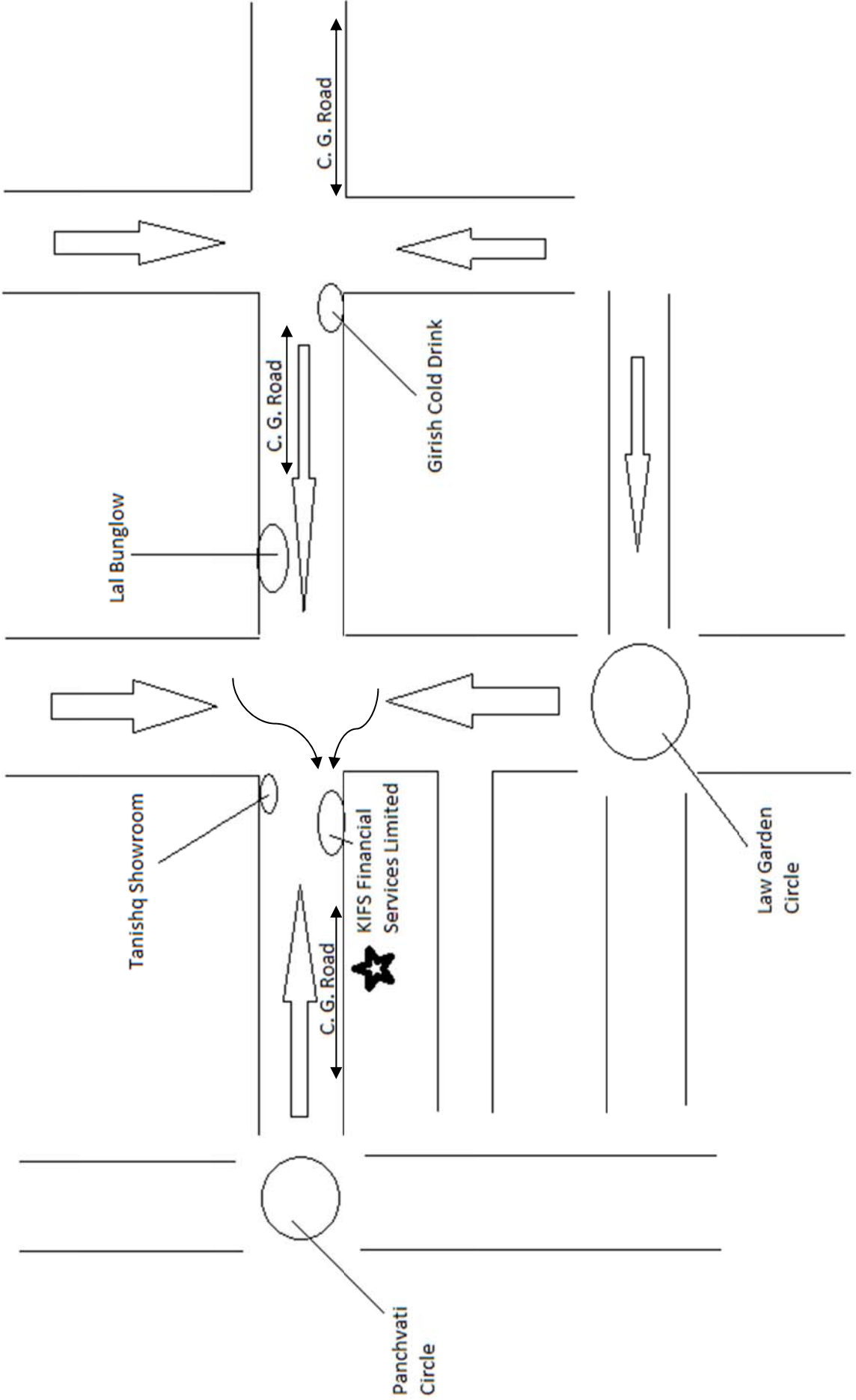
(To be signed at the time of handling over this slip)

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

Registered office: B – 81, Pariseema Complex, C. G. Road, Ellisbridge, Ahmedabad – 380006, Gujarat, India.
CIN: L67990GJ1995PLC025234, Ph. no.: +91 79 26400140, 740, Fax: +91 79 26403717,
Email: cs@kifs.co.in, Website: www.kifsfinance.com

24th annual general meeting – Friday, September 27, 2019

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 24th annual general meeting of the company, scheduled to be held on Friday, September 27, 2019 at 4:00 pm 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	To receive, consider and adopt the audited financial statements of the company for the financial year ended on March 31, 2019 together with reports of the directors and auditors thereon		
2	To declare a final dividend on equity shares of the company for the financial year ended on March 31, 2019		
3	To appoint a director in place of Mr. Sonal R. Khandwala, who retires by rotation and being eligible, offers herself for re-appointment		

Signed this _____ day of _____, 2019.

Affix
revenue
stamp of
not less
than
₹ 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 24th 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 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 form.



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 26400140, 740,

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