

KIFS FINANCIAL SERVICES LIMITED

NOTICE

NOTICE is hereby given that the **15th** Annual General Meeting of the members of **KIFS Financial Services Limited (Previously known as Khandwala Capital Services Ltd.)** will be held on Saturday on **31st, July, 2010**, at 11.00 a.m., at the Registered Office of the Company at B-81, Pariseema Complex, C.G. Road, Ellisbridge, Ahmedabad-380006 for transacting the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with the Report of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Devang Shah, who retires by rotation and being eligible offers himself for re-appointment.
3. To declare dividend
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

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

“RESOLVED THAT Mr.Rajesh P. Khandwala, for the appointment of whom the Company has received a notice under section 257 of the said Act from a shareholder proposing the candidature of Mr.Rajesh P. Khandwala for the office of Director of the Company , whose period of office shall be subject to retirement by rotation be appointed as the Director of the Company w.e.f. the date of this meeting.

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

“RESOLVED THAT Mr.Atul Parikh, for the appointment of whom the Company has received a notice under section 257 of the said Act from a shareholder proposing the candidature of Mr.Atul Parikh, for the office of Director of the Company , whose period of office shall be subject to retirement by rotation be appointed as the Director of the Company w.e.f. the date of this meeting.

FOR AND ON BEHALF OF THE BOARD

Place: Ahmedabad

S/d.

**Date: 18/05/10
Regd. Office :
B/81, Pariseema Complex,
C.G. Road, Ellisbridge,
Ahmedabad-380006**

**P. G. Khandwala
Chairman**

NOTES:

1. MEMBERS ARE ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE AT THE AGM INSTEAD OF HIM / HER AND PROXIES IN ORDER TO BE EFFECTIVE HAS TO BE LODGED WITH THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST BEFORE 48 HOURS FROM THE TIME APPOINTED FOR THE ANNUAL GENERAL MEETING.
2. MEMBERS' REGISTER AND SHARE TRANSFER BOOKS SHALL REMAIN CLOSED FROM MONDAY THE 26/07/10 TO SATURDAY THE 31/07/10 (BOTH DAYS INCLUSIVE) FOR PURPOSE OF PAYMENT OF DIVIDEND TO THOSE MEMBERS WHOSE NAMES STAND ON THE REGISTER OF MEMBERS AS ON 31/07/2010. (AGM DATE)THE DIVIDEND IN RESPECT OF THE SHARES HELD IN ELECTRONIC FORM WILL BE PAYABLE TO THOSE BENEFICIAL OWNERS OF THE SHARES AT THE END OF BUSINESS HOURS ON 31 JULY 2010 (AGM DATE) AS PER THE DETAILS FURNISHED BY THE DEPOSITORIES FOR THIS PURPOSE.
3. MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY THE CHANGE, IF ANY, IN THEIR REGISTERED ADDRESS.

**EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION
173(2) OF THE COMPANIES ACT, 1956 :**

Item No.5 :

The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of Mr.Rajesh P. Khandwala , for the office of Director.

Mr.Rajesh P. Khandwala holds a beachelar degree in commerce with an experience of more than two decades in capital market and Investment advising field. He is well experienced in the fields of primary market, secondary market, mutual funds etc.

None of Directors except Mr.Rajesh P. Khandwala and Mr.Parmanand G. Khandwala, Director of the Company being father of the proposed Director are concerned or interested in the aforesaid resolution. Considering his vast experience your directors recommend the resolution for your approval.

Item No.6 :

The Company has received notice under Section 257 of the Companies Act, 1956 from a shareholder proposing the candidature of Mr.Atul Parikh, for the office of Director

Mr.Atul Parikh holds beachlor degree in commerce as well as in Law, also possesses various other qualifications such as DTLP, PGDBM and CAIIB. He is an ex-banker with overall experience of 34 years in varied fields such as Banking operations, Credit management, Merchant Banking, Ratail Banking, Inspections and Audit etc.

None of Directors except Mr.Atul Parikh, is concerned or interested in the aforesaid resolution. Considering his vast experience your directors recommend the resolution for your approval.

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

Name	Devang Shah (Re-appointment)	Rajesh P. Khandwala (Appointment)	Atul Parikh (Appointment)
Date of Birth	30/07/63	23/06/64	15/07/51
Date of Appointment	28/12/02	Proposed for appointment at the ensuing AGM	Proposed for appointment at the ensuing AGM
Qualification & Experience	B. Com	B.Com.	B.Com., LL.B., DTLP, PGDBM, CAIIB
Experience	More than 10 years experience in capital market activities. He looks after the business activities with a special focus on high net worth Investors	More than 2 decades in capital market activities. He has varied experience in the field of primary market , secondary market and mutual funds. He has expertise in the field of derivatives, arbitrage and margin funding.	An Ex-banker with overall experience of 34 years in various fields such as Banking operations, Credit Management, Merchant Banking, Retail Banking, Inspection and Audit etc.
List of other companies in which he holds Directorship as on 31/03/2010	None	KIFS Securities Ltd. Active Finstock Pvt. Ltd. KIFS Equities Pvt. Ltd. Khandwala Finstock Pvt. Ltd. Khandwala Fincap Pvt. Ltd.	None

Chairman / member of committee of the board of the other companies in which he is director as on 31/03/2010	None	None	None
Equity shares held in the Company	Nil	Nil	Nil

KIFS FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To,
The Members,
KIFS Financial Services Limited
Ahmedabad

The Company was incorporated on 29th March 1995 as a Public Limited Company. It is listed on ASE & VSE and it is registered with the Reserve Bank of India (RBI) as a Non Banking Finance Company (NBFC).

Your Directors hereby present the Annual Report of your company together with Audited Statement of Accounts for the year ended on **31st March, 2010**.

FINANCIAL RESULTS :

Particulars	(Rs. in Lacs)	
	2009-10	2008-09
Business and Other Income	126.22	66.28
Total Expenditure	18.85	38.52
Profit/ Loss before provision for Tax	107.37	27.76
Provision for Taxation	18.51	8.71
Profit after provision for Tax	88.88	19.06

REVIEW OF OPERATIONS:

During the year under review your Company has achieved more than double the growth in total income as compared to the previous year. Your company has recorded a total income of Rs.126.22 Lacs compared to the total income of Rs.66.28 Lacs in the previous year and incurred the total expenditure of Rs.18.85 Lacs compared to Rs.38.52 Lacs in previous year. The net profit of the company after providing for all expenditure and necessary provisions was Rs. 88.88 lacs compared to Rs.19.06 Lacs of previous year. During the year under review your company has become a subsidiary company of M/s.KIFS Securities Pvt. Ltd. by way of interse promoter transfer of shares.

DIVIDEND:

Your Directors are pleased to recommend for your consideration a dividend of 1.50 (Rupees One and Fifty Paise Only) on the paid up equity share capital of the Company for the year ended on 31st March, 2010. The dividend, if approved, will be paid to those

shareholders whose names appear in the Register of Members as on the record date fixed for the purpose of determining eligibility for receiving dividend.

MANAGEMENT DISCUSSION AND ANALYSIS ON OUTLOOK AND FUTURE YEAR PLANS:

Your directors are pleased to inform you that during the year under review the company has enlarged margin trading and loans against shares activities and has also contemplated to initiate funding of primary market investment for retail category this ultimately reflected in the business performance of the Company for the year under review.

INDUSTRY STRUCTURE AND DEVELOPMENT:

The NBFC Structure in India is represented by mix of few large companies with nationwide presence and large number of small and medium sized companies with regional focus. The Reserve Bank of India regulates the operations of NBFCs. In recent years NBFCs are facing strong competition from Banks and financial institutions as they are providing funds at lower cost. Hence, NBFCs are under pressure to cut cost and to develop focussed marketing approach by offering more personalized services. Entries of strong NBFCs in insurance and banking sector have been some of the major development in this sector.

OUTLOOK & STRATEGY :

Considering the growth prospects of India in the long-term and various opportunities that will emerge across different sectors from time to time , we continue to remain enthused about the manifold growth of the financial services sector in India. The Capital market in India have performed well over the past few years barring F.Y.2008-09 and certain level of moderation in growth is likely to take place in the near future depending upon the depth of the global economic recession, the pace of recovery and the Indian economic scenario. We continue to be optimistic and believe that the Indian markets will see pull back and continue their northward journey once the global markets stabilise and to some extent even before that for the years to come.

With an eye on growth we keep expanding our portfolio of financial services. Our strategic focus on diversified activities in the financial services sector, will help stabilize base level for earning.

OPPORTUNITIES AND THREATS:

The pace of economic recovery in India is reflective of the transitory impact of the global financial crisis on the Indian economy. India's strong domestic fundamentals are expected to remain operative over the long term, with the twin drivers of assumption and investment supporting sustained high growth for the economy. Over the next year, while economic recovery is expected to strengthen and assume a broad – based nature, the

management of inflation expectations, , the pace of withdrawal of stimulus measures and the management of systemic liquidity in view of the large government borrowing programme and the impact of volatile global markets on capital flows will be key factors impacting the economy and financial markets.

Political stability always has a direct co-relation with the investment environment of any economy. The stability of government has presented an optimistic scenario for the Indian business, economy and capital market. The continuous demands for experienced and skilled human capital is one of the major challenges faced by any financial firm.

RISK MANAGEMENT:

Your Company follows well-established and detailed risk assessment and minimisation procedures. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights and capital charges. The risk assessment and mitigation procedures are reviewed by the Board periodically. The Company has a comprehensive risk management framework. Additionally, the company has a dedicated work force that monitors risk management in the Company. The work force monitors different types of risks across the organisation i.e. credit risk, market risk , liquidity risk , operational risk , competition risk, business continuity risk and general risks arising out of various economic factors. Overall framework for monitoring these risks is called enterprise Risk Management System.

INTERNAL CONTROL SYSTEM:

The Company has adequate internal control systems appropriate for the business process having regard to efficiency of operations systems, financial reporting and for compliance with applicable laws.

HUMAN RESOURCES:

One of the key pillars of our business is people. The company's HR policies and practices are built on company's core value of integrity , passion , speed, commitment and seamlessness, while initially the challenges were around integration. The company firmly believes that intellectual capital and human resources is the backbone of the company's success. The company is committed to provide development and training opportunities to employees to equip them with the best skill which enable them to adapt to contemporary technological advancements. Industrial relation during the year continues to be harmonious.

CORPORATE GOVERNANCE:

The Corporate Governance Report and Auditors' Report thereon form part of this report.

PUBLIC DEPOSITS:

During the year under review, your company has not accepted any deposits from the public.

DIRECTORS:

Pursuant to provisions of Section 256 of the Companies Act, 1956 Mr. Devang Shah retires by rotation and being eligible offers himself for re-appointment.

AUDITORS:

The retiring Auditors Shailesh C. Parikh & Co., Chartered Accountants, Ahmedabad are eligible for re-appointment and offer themselves for re-appointment. The Auditors have furnished a certificate to the effect that if re-appointed, their appointment shall be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES:

No employee draws remuneration for which information is required to be submitted under Section 217(2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

As the Company's operations neither involve any manufacturing or processing activities nor any transactions involving foreign exchange earnings and outgo, the particulars in terms of section 217(1)(e) of the Companies Act, 1956 and the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption and foreign exchange earnings and outgo, are not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- i) That in the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed
- ii) That the accounting policies are adopted and consistently followed and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the Financial Year

- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities
- iv) That the Directors have prepared the Annual Accounts on Going Concern Basis.

ACKNOWLEDGEMENT:

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

FOR AND ON BEHALF OF THE BOARD

**Place: Ahmedabad
Date: 18 /05/ 2010
Regd. Office :
B/81, Pariseema Complex,
C.G. Road, Ellisbridge,
Ahmedabad-380006**

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

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

(Annexure to Directors' Report)

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

1. CORPORATE GOVERNANCE:

The principal characteristics of Corporate Governance are Transparency, Independence, Accountability, Responsibility, Fairness, and Social Responsibility. Corporate Governance pertains to system of blending law, regulations and voluntary practices, which enable the company to attract financial and human capital, perform efficiently and thereby perpetuate it into generating long-term economic value for its shareholders, while respecting interests of other stakeholders and the society as a whole.

2. COMPANY'S PHILOSOPHY:

Being a finance company, the company has to regularly pursue businesses that maximises returns while effectively managing the inherent risks. Decision making and execution in this environment is driven by its governance structure, ethics and values systems. The Company lays a lot of emphasis on appropriate and timely disclosures and transparency in business dealings. Your Company is committed to good Corporate Governance and has adhered to the prescribed standards. The Company's philosophy on code of Governance is aimed at efficient conduct of business in compliance with the prescribed Acts and Rules on Corporate Governance.

3. BOARD OF DIRECTORS :

Composition of Board of Directors

Name of Director	Category of Director	No. of other Directorships in public companies	No. of other company's Board Committee of which he is a member/Chairman
Mr.Parmanand Khandwala	Non-Executive – Non Independent	---	---
Mr. Dharmendra Soni	Non Executive – Independent	---	---
Mr. Devang Shah	Non Executive – Independent	---	---

ATTENDANCE OF EACH DIRECTOR AT BOARD MEETING AND LAST ANNUAL GENERAL MEETING

Board Meetings held during the financial year **2009-10**.

Sr. No.	Name of Director	Category of Director	No. of Board meetings held	No. of Board meeting attended	Attendance at last AGM
01.	Mr. Parmanand Khandwala	Chairman	15	15	Yes
02.	Mr. Dharmendra Soni	Director	15	15	Yes
03.	Mr.Devang Shah	Director	15	15	Yes

Number of Board Meetings held during the financial year and dates of Board meetings:

Board Meeting	Date	Board Meeting	Date
1	06/04/2009	9	01/10/09
2	16/04/2009	10	23/10/09
3	27/06/2009	11	09/11/09
4	31/07/2009	12	13/11/09
5	13/08/2009	13	19/12/09
6	10/09/2009	14	18/03/10
7	22/09/2009	15	25/03/10
8	27/09/2009		

AUDIT COMMITTEE:

The Current Audit Committee, comprising three Directors all being Non- Executive Directors and most of them have financial and accounting knowledge. Members are regularly present at the meetings.

The term of reference stipulated by the board to the Audit Committee is, as contained in clause 49 of the Listing agreement which is as follows:

- a. Oversee of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on; (a) Any changes in accounting policies and

- practices, (b) Major accounting entries based on exercise of judgment by management, (c) Qualifications in draft audit report (d) Significant adjustments arising out of audit (e) The Going Concern Assumption, (f) Compliance with Accounting Standards, (g) Compliance with stock exchange and legal requirements concerning financial statements, (h) Any related party transactions.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - e. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - f. Discussion with internal auditors any significant findings and follow up there on.
 - g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - h. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - i. Reviewing the company's financial and risk management policies.
 - j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Board of the Company has constituted an Audit Committee, comprising following directors.

Name	Designation	Non-Executive/Independent	Committee meeting attended
Dharmendra Soni	Chairman	Non-Executive-Independent	4
Devang Shah	Member	Non-Executive-Independent	4
Parmanand Khandwala	Member	Non-Executive Non-Independent	4

Meetings held during the financial year **2009-10** on following dates :

Committee Meeting	Date	Committee Meeting	Date
1	20/06/09	3	28/10/09
2	30/07/09	4	20/01/10

Remuneration Committee

Being a non-mandatory requirement the remuneration committee has not been constituted for the time being.

Shareholders'/Investors' Grievance Committee.

The Board of the Company has constituted a shareholders'/Investors' Grievance Committee, comprising of following Members:

Name	Designation	Non-Executive/Independent	Committee meeting attended
Dharmendra Soni	Chairman	Non-Executive-Independent	8
Devang Shah	Member	Non-Executive-Independent	8
Parmanand Khandwala	Member	Non-Executive Non-Independent	8

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers. The Committee also looks into redressing of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. The committee notes down that during the year all the complaints have been disposed off timely and up to the satisfaction of the shareholders.

CEO Certification:

Mr.Parmanad Khandwala, Director of the Company hereby certifies that :

- (a) he has reviewed Financial Statements and the Cash Flow Statement for the year and that to the best of his knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (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 his knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

- (c) he accepts responsibility for establishing and maintaining internal controls and that he has evaluated the effectiveness of the internal control systems of the Company and he has disclosed this to the Auditors and the Audit Committee.
- (d) he has indicated to the Auditors and the Audit committee :
- (i) significant changes in internal control during the year.
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

General Body Meetings :

Details of three Annual General Meeting:

Year	Date	Time	Venue
2006-07	29.09.2007	11.00 A.M.	Registered Office
2007-08	27.09.2008	11.00 A.M.	'do'
2008-09	30.09.2009	11.00 A.M.	'do'

NOTE ON DIRECTORS' APPOINTMENT/RE-APPOINTMENT :

Mr. Devang Shah, Director of the Company is retiring by rotation at the ensuing AGM and is eligible for reappointment. Notice u/s 257 of the Companies Act, 1956 recommending candidature for appointment of Mr Rajesh P. Khandwala and Mr. Atul Parikh as Directors of the Company been received from one of the members of the Company.

Code for prevention of insider trading practices:

In compliance with SEBI regulation on prevention of insider trading the company has constituted a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made , while dealing in shares of company.

Anti money laundering and know your customer policy :

In keeping with specific requirements for NBFCs , the company has also formulated an Anti Money Laundering and Know your customer policy.

Means of Communications :

The Company has regularly published its quarterly, half yearly & annual results in newspapers & submitted to stock exchange in accordance with the Listing Agreement requirements. The Management Discussion and Analysis Report is forming part of the Directors' Report.

General Shareholders information:

- 1. Date of Annual General Meeting** : **31/07/2010**
- 2. Time and Venue** : 11.00 a.m. B-81, Pariseema Complex, C.G. Road, Ellisbridge, Ahmedabad-6.
- 3. Listing on Stock Exchanges** : (1) Ahmedabad Stock Exchange Ltd. (ASE) Ahmedabad.
(2) Vadodara Stock Exchange Ltd. (VSE) Vadodara.
- 4. Financial Calendar**
First quarterly results 1st April to 31st March
Half yearly results End of July, 2010
Third quarterly results End of October, 2010
Fourth quarterly results End of January, 2011
AGM for the year ended March, 2011 End of April, 2011
End of September, 2011
- 5. Date of Book Closure** 26/07/2010 to 31/07/2010 (Both Days inclusive)
- 6. Name of Compliance Officer** Mr. Anand Dapki
- 8. Market Price Data** Information as to Market Price has not been given as there was no Transaction during 2009-10.
- 9. Investors Correspondence** Link Intime India Pvt. Ltd.
For transfer/dematerialization of shares, change of address, change in status of investors, payment of dividend on shares and other query relating to the shares of the company. 211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad-380009.
Phone No.079-26465179

Listing and Transfer of Shares and Liquidity :

The Company's Shares are listed at Ahmedabad Stock Exchange Ltd. and Vadodara Stock Exchange Ltd.

For expediting physical transfer, the Board has delegated share transfer formalities to the share transfer committee. Mr. Anand Dapki is designated as Compliance Officer.

Distribution of Shareholding (shares)

SHREHOLDING OF SHARES	SHAREHOLDERS NUMBER	% OF TOTAL	SHARES ALLOTTED	%OF TOTAL
1 to 500	1822	94.4530	200600	6.6760
501 to 1000	12	0.6220	9700	0.3230
1001 to 2000	5	0.2590	8600	0.2860
2001 to 3000	8	0.4150	20000	0.6660
3001 to 4000	40	2.0740	152400	5.0720
4001 to 5000	2	0.1040	9800	0.3260
5001 to 10000	10	0.5180	75900	2.5260
10001 to 9999999999	30	1.5550	2528000	84.1260
TOTAL	1929	100.0000	3005000	100.0000

Disclosures

- (a) Disclosures on materially significant related party transactions i.e. transaction of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large and disclosure required under listing agreement as amended:

The details of this disclosure are mentioned in Notes on Accounts and covered by accounts.

- (b) Details of non-compliance by the Company, penalties, imposed on the company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years: No instance of levy of duty by the stock exchange or SEBI due to non-compliance by the company. : **None**
- (c) There is no pecuniary relationship or transaction of the non executive director. Further no remuneration, benefits, incentives and stock options are provided to directors.

Registered Office Address for Correspondence:

KIFS FINANCIAL SERVICES LTD.

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

FOR AND ON BEHALF OF THE BOARD

S/d.

P. G. Khandwala
Chairman

Place : Ahmedabad

Date : 18/05/ 2010



SHAILESH C. PARIKH & CO.
CHARTERED ACCOUNTANTS

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

Auditors' Report

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

We have audited the attached Balance Sheet of **KIFS Financial Services Ltd** (formerly known as **Khandwala Capital Services Ltd.**) as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far it appears from our examination of those books
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of account of the company;
- (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow dealt with by this report comply with the accounting standard referred to in section 211(3C) of the Companies Act, 1956 to the extent applicable.



- (v) On the basis of written representation received from directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956,
- (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the companies act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010 and,
- (b) in the case of Profit and Loss Account, of the Profit for the year ended on that date.
- (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Ahmedabad
Date : 18-05-2010



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

(Shailesh Parikh)
Proprietor
Mem No. 039254

KIFS FINANCIAL SERVICES LIMITED

Annexure referred to in paragraph 3 of our Auditor's Report of even date on the accounts of KIFS Financial Services Ltd. (Formerly known as Khandwala Capital Services Ltd.), for the year ended on 31st March, 2010

- 01 a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The assets have been physically verified by the management during the year. According to the information and explanations given to us, no discrepancy was noticed on such physical verification as compared to the book records.
- c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- 02 a) There are no inventories, so question of its physical verification does not arise.
- b) This clause is not applicable to the company.
- c) This clause is not applicable to the company.
- 03 a) The company has taken loans from Companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. There is only one such party and maximum amount involved is Rs. 32,00,000/- and year end balance is Rs. Nil. The company has given loans to the two parties covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved is Rs. 28000000/- and Rs. 6800000/- respectively.
- b) The rate of interest and other terms and conditions of loans taken by the company are prima facie not prejudicial to the interest of the company.
- c) The loans granted are re-payable on demand. The payment of interest has been regular on such loans.
- d) There are no overdue amounts to the parties covered in the register maintained under section 301 of the Act.



- 04 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods. Further on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
- 05 a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance to section 301 of the Companies Act, 1961 have been so entered.
- b) In our opinion and according to the information and explanations given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
06. In our opinion and according to the information and explanations given to us, the company has not accepted any deposit within the meaning of the provisions of section 58A and 58AA of the companies Act, 1956 and the rules made there under.
- 07 In our opinion and as per the information and explanations given to us there is reasonable internal control procedure commensurate with the size and nature of its business.
- 08 In our opinion this company being finance company, the maintenance of cost records have been not prescribed by the Central Government under clause (d) of sub section (1) of section 209 of the Act.
09. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income-Tax, Sales-Tax and other statutory dues applicable to it with the appropriate authorities. The provisions of provident fund are not applicable to the Company.
- b) According to the information and explanations given to us and the records of the Company examined by us we are of the opinion that there are no disputed dues of Income-Tax, Sales- Tax, Wealth-Tax, Custom Duty, Excise Duty and cess as at 31st March, 2010 which have not been deposited on account of such a dispute.
10. The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.



11. According to the records of the Company examined by us and the information and explanations given by the management, the Company has not taken any loans from financial institutions and banks so question of default in its repayment does not arise. However, the company has used over draft facility against their fixed deposits.
12. The company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and adequate documents and records are maintained for the same.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records pertaining to its share trading transactions and contracts and timely entries have been made therein. The Company has held its investments in shares and securities in its own name.
15. As per the information and explanations given to us the provident fund scheme is not applicable so the question of reporting on deduction and payment thereof does not arise.
16. The company has regularly deposited statutory dues with appropriate authorities during the year wherever applicable.
17. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.
18. The company has taken unsecured loans and has applied it for the purpose for which it was taken. Company has taken over draft on its fixed deposit.
19. Based on information and explanations given to us and on an overall examination of Balance Sheet of the company, in our opinion, funds raised on a long-term basis have not been used for short-term investments.
20. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
21. The company has not issued any debenture, so question of creation of security for the same does not arise.
22. The company has not raised any money by public issues during the year.
23. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company has been noticed or reported during the year, nor have we been informed of such case by the management.



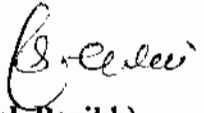
24. For NBFC (Not accepting public deposits)

- a. The company is registered u/s 45 IA of the RBI Act, 1934 and obtained certificate.
- b. The Board of Directors has passed a resolutions for the non – acceptance of any public deposit.
- c. During the year company has not accepted any public deposit
- d. The company has complied with the prudential norms relating to Income Recognition, Accounting Standards, Assets classification and Provisioning for Bad & Doubtful debts as applicable to it.

Place : Ahmedabad
Date : 18-05-2010



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


(Shailesh Parikh)
Proprietor
Mem No. 039254

KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

BALANCE SHEET AS ON 31ST MARCH 2010

SR NO.	PARTICULARS	SCH. NO.	AS ON 31-03-10 AMOUNT RS.	AS ON 31-03-09 AMOUNT RS.
A. SOURCES OF FUNDS				
1	Share Holders Funds			
	A.Share Capital	1	30050000	30050000
	B. Reserves And Surplus	2	19501933	15887343
			49551933	45937343
2	Loan Funds			
	A. Secured Loans	3	6270386	0
	B. Unsecured Loans		0	0
			6270386	0
3	Deferred Tax Liability		1566	3112
	TOTAL RS.		55823885	45940455
B. APPLICATION OF FUNDS				
1.	Fixed Assets	4		
	A. Gross Block		456582	456582
	B. Less : Depreciation		369327	348872
			87255	107710
2.	Investments	5	0	7700000
3.	Current Assets, Loans And Advances:	6		
	A. Stock at Cost		0	0
	B. Cash & Bank Balance		25342497	25172514
	C. Loans & Advances		37557576	16184753
			62900073	41357267
	Less :Current Liabilies & Provisions	7	7163443	3224522
	Net Current Assets		55736630	38132745
	TOTAL RS.		55823885	45940455
	Notes on Accounts and Significant Accounting Policies	9		



As Per Our Report Of Even Date
Attached Herewith

For, Shailesh C. Parikh & Co.,
Chartered Accountants


(Shailesh C. Parikh)
Proprietor

Place : Ahmedabad
Date : 18-05-2010



For, KIFS Financial Services Limited


Director


Director

Place : Ahmedabad
Date : 18-05-2010

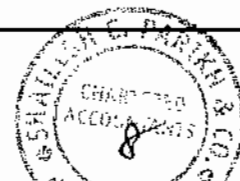
KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

SR. NO.	PARTICULARS	SCH. NO.	For the Year Ended 31-03-2010 RS.	For the Year Ended 31-03-2009 RS.
A.	<u>Income :</u>			
	Interest Income		3962647	6525190
	Brokerage Income		72523	102035
	Other Income		177851	1000
	Profit from Sale of Investments (Net)		8408315	0
	Excess Income Tax Provision written back		205	0
			12621541	6628225
B.	<u>Expenditure :</u>			
	Payment to and Provisions made for Employees		564890	1038110
	Interest Expenses		455376	2250760
	Interest on Late Payment of TDS		3098	0
	Auditors Remuneration		20000	17500
	Depreciation	4	20455	26700
	Other Administrative Expenses	8	821129	517915
	Income Tax/FBT Written Off		0	810
			1884948	3851795
	Profit Before Taxation		10736593	2776430
	Provision for Current Taxation		1850000	860500
	Provision for Fringe Benefit Tax		0	12500
	Provision for Deferred Tax		1546	2194
	Profit after Provision for Taxation		8888139	1905624
	Add: Profit Brought forward		12178343	12412069
	Profit available for Appropriation		21066482	14317694
	Appropriations			
	Dividends :			
	Proposed Dividend		4507500	1502500
	Corporate Dividend Tax on Proposed Dividend		766050	255350
			15792933	12559843
	Profit Transfer to Reserve Fund		1780000	381500
	Balance Carried to Balance Sheet		14012933	12178343
	Basic And Diluted Earning Per Share Of Rs. 10 Each		2.96	0.63

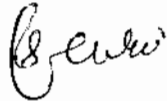
Significant Accounting Policies And Notes On Accounts

9



As Per Our Report Of Even Date
Attached Herewith

For, Shailesh C. Parikh & Co.,
Chartered Accountants



(Shailesh C. Parikh)
Proprietor

Place : Ahmedabad
Date : 18-05-2010



For, KIFS Financial Services Ltd


Director
Director

Place : Ahmedabad
Date : 18-05-2010

KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

<u>Cash Flow Statement for the Year Ended on</u>	<u>31-03-2010</u>		<u>31-03-2009</u>	
A <u>Cash Flow from the operating Activities</u>	RS.	RS.	RS.	RS.
Net Profit After Tax and without Deffered Tax		8886593		1903457
Add : Adjustments For :				
Depreciation	20455		26700	
Misc. Expenses Written Off	0		0	
	20455		26700	
Less:				
Excess Provision w/back	0		0	
Profit on Sale of Fixed Assets	0		0	
		20455		26700
Operating Profit Before working Capital Changes		8907048		1930157
Add: Decrease in Working Capital				
Sundry Debtors Realised	0		0	
Current Liabilities Increased	0		0	
Loans & Advances Reduced	0		73411726	
Inventories decreased	0		0	
Less: Increase in Working Capital				
Loans & Advances Given	21372823		0	
Debtors Increased	0		0	
Inventories Increased	0		0	
Current Liabilities Decreased	1334629		1789460	
		-22707452		71622266
Cash Generated From Operations		-13800404		73552423
Less : Misc. Expenses Incurred		0		0
Net Cash Flow From Operating Activities	(A)	-13800404		73552423
 B <u>Cash Flow From Investing Activities</u>				
<u>Inflows</u>				
Sale of Fixed Assets	0		0	
Sale of Investments	7700000		4263874	
Interest Received	0		0	
		7700000		4263874
<u>Out Flows</u>				
Puechase of Fixed Assets	0		0	
Purchase of Investments	0		0	
Interest paid	0		0	
		0		0
Net Cash used in Investing Activities	(B)	7700000		4263874



C Cash Flow From Financing Activities

Increase in Unsecured Loans	0	0
Increase in Secured Loans	<u>6270386</u>	<u>0</u>
	6270386	0
Less:		
Repayment of Unsecured Loan	0	76293161
Repayment of Secured Loan	0	399935
Net Cash Used in Financing Activities	(C) <u>6270386</u>	<u>-76693096</u>
Net Decrease / Increase in Cash & Cash Equivalents	169983	1123201
Cash & Cash Equivalents (Opening Balance)	25172514	24049313
Cash & Cash Equivalents (Closing Balance)	25342497	25172514

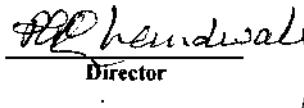
As per our report of even date
Attached herewith

For, KIFS Financial Services Ltd.

For, Shailesh C. Parikh and Co.
Chartered Accountants



Shailesh C. Parikh
Proprietor


Director
Director

Place : Ahmedabad
Date : 18-05-2010



Place : Ahmedabad
Date : 18-05-2010

KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDING ON 31ST MARCH, 2010

SCHEDULE - 1	SHARE CAPITAL	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
A. Authorised Share Capital			
	3300000 Equity Shares Of Rs. 10/- Each	33000000	33000000
Issued Subscribed & Paid Up Capital:			
	3005000 Equity Shares Of Rs. 10/- Each Fully Paid Up	30050000	30050000
	Total ----->	30050000	30050000
SCHEDULE - 2	RESERVES AND SURPLUS	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
A. General Reserve Fund:			
	Opening Balance	3709000	3327500
	Add: Appropriation From Profit & Loss A/C	1780000	381500
		5489000	3709000
B. Profit & Loss Account:			
	Balance in Profit & Loss Account	14012933	12178343
	Total ----->	19501933	15887343
SCHEDULE - 3	SECURED LOANS	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
	Axis Bank (Secured against Fixed Deposit)	5953274	0
	HDFC Bank (Secured against Fixed Deposit)	317112	0
	Total ----->	6270386	0



**KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)**

SCHEDULE - : 4

FIXED ASSETS :

[2009-10]

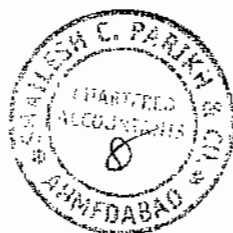
SR. NO.	DESCRIPTION OF THE ASSETS	GROSS BLOCK				DEPRECIATION				NETBLOCK		
		AS ON 01-04-09	ADDITIONS DURING	DELETION DURING	AS ON 31-03-10	AS ON 01-04-09	PROVIDED DURING THE YEAR	DELETION DURING THE YEAR	AS ON 31-03-10	AS ON 31-03-10	AS ON 31-03-09	
1	Motor Car	206596	0	0	206596	177224	7604	184828	21768	29372		
2	Xerox Machine	93600	0	0	93600	40801	7344	48145	45455	52799		
3	Telephone	60386	0	0	60386	50605	1361	51966	8420	9781		
4	Air-Conditioner	56000	0	0	56000	47730	1150	48880	7120	8270		
5	Computer & Software	40000	0	0	40000	32512	2995	35507	4493	7488		
Total		456582	0	0	456582	348872	20455	369327	87255	107710		
Previous Years		456582	0	0	456582	322172	26700	348872	107710	134410		
Total												



KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

SCHEDULE - 5 INVESTMENT	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
(Unquoted & Stated At Cost)		
70000 Equity Shares Of Rs. 110 Each (Face Value Rs.100) Fully Paid Up Of Active Finstock Pvt. Ltd.	0	7700000
(Quoted)		
45600 Equity Shares of Rs. 1 Each of Jindal Steel & Power Ltd. (Previous Year Nil) (Market Value as on 31-03-2010 Rs. 32022600)	0	0
Total →	0	7700000

SCHEDULE - 6 CURRENT ASSETS, LOANS & ADVANCES	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
A. Inventories (Shares)	0	0
B Cash & Bank Balance:		
(a) Cash Balance	141498	141499
(b) Balance With Schedule Banks :		
In Current Account	26444	2531015
In Fixed Deposit	25174555	22500000
	25342497	25172514
C Loans, Advances And Deposits : (Unsecured, Considered Good)		
(a) Deposits	116300	116300
(b) Advances Recoverable in Cash or in Kind or For Value to be Received	30563669	3309105
(c) Loan Given to Parties'	6877607	12759348
	37557576	16184753
Total →	62900073	41357267



KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)

SCHEDULE - 7 CURRENT LIABILITIES & PROVISIONS	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
A. Current Liabilities :		
Creditors For Expenses	39893	593672
B. Provisions :		
Proposed Dividend	4507500	1502500
Corporate Dividend Tax On Proposed Dividend	766050	255350
Provision For Taxation	1850000	860500
Provision For Fringe Benefit Tax	0	12500
	7123550	2630850
Total ----->	7163443	3224522
<hr/>		
SCHEDULE - 8 OTHER ADMINISTRATIVE EXPENSES	AS ON 31-03-2010 RS.	AS ON 31-03-2009 RS.
Advertisement Expenses	41306	85560
Annual Subscription	15500	0
Bad Debts/Kasar	51760	5072
Bank Charges	7936	3371
Business Procurement Charges	0	29060
Computer maintainance exps	15000	0
Demat & Depository (Registrar) Charges	86405	25808
Electricity	60000	60000
Insurance Premium	1097	4818
Listing fees	130102	0
Lease Rent	60000	60000
Legal & Stamp Charges	1390	2500
Membership & Filling Fees	1700	1250
Postage & Courier Charges	9571	27113
Printing & Stationary Expenses	3770	10200
Professional Fees/Charges	108060	22500
Vehical Petrol & Maintanance	198285	154930
Xerox & Maintanance Expenses	29247	25733
Total ----->	821129	517915



KIFS Financial Services Limited

Schedule : 9

Notes on accounts and significant accounting policies.

Part - I : Significant accounting policies

The major accounting policies pursued by the Company are as under;

(a) Basis of accounting :

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

(b) Income from operations :

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

(c) Expenses :

The Company provides for all expenses comprising of administrative and others on accrual basis.

(d) Fixed assets :

Fixed assets are stated at cost of acquisition including attributable cost incurred for bringing the assets to its working condition for its intended use.

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

(e) Investment :

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



(f) Amortisation of preliminary & public issue expenses:

Preliminary and public issue expenses are deferred to be amortised over a period of 10 years by charging one tenth of such expenses to revenue every year.

(g) Taxes on Income :

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

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

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

(h) Contingent Liabilities:

Provision is made for all known liabilities. Contingent Liabilities, if any are disclosed in the account by way of a note.

(i) Impairment of Assets:

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

(j) Retirement Benefits:

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

(k) Earning Per Shares: The Company reports basic and diluted earning per share 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.



Part - II : Notes forming part of accounts

(a) Paise are rounded up to the nearest rupee.

(b) Break up of payments to auditors :

	2009-10	2008-09
(a) Audit fees	10,000	8,000
(b) Taxation Matters	3,000	3,000
(c) Tax Audit	6,000	5,500
(d) Others	1,000	1,000
	<u>20,000</u>	<u>17,500</u>

(c) In the opinion of the board, current assets, loans & advances are approximately of the value stated if realised in the ordinary course of business.

(d) None of the employee has completed five years of service and hence liability of gratuity does not arise.

(e) The provision for tax is based on the assessable profits of the Company computed in accordance with the Income Tax Act, 1961 and has been made for the year from 1st April, 2009 to 31st March, 2010, as the same will be assessed in the assessment year 2010-11.

(f) Previous years figures have been re-arranged and re-grouped wherever necessary to make them comparable with the figures of current years.

(g) Additional information pursuant to the provisions of paragraph 3 & 4 of Schedule VI of the Companies Act, 1956 is not applicable.

(h) Earning per Share :

	(Amount in Rs.)	
	31.03.2010	31.03.2009
Profit/(Loss) after Tax [A]	8888139	1905651
Number of Equity Shares [B]	3005000	3005000
Earning per Share [A/B] (Face Value of Rs. 10/- Each)	2.96	0.63



- (i) Consequent to the accounting standard AS-22 effective from 1st April, 2002 dealing with Accounting for taxes on Income " ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA",

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

	AS ON 31.03.10	AS ON 31.03.09
A. Deferred tax Assets :		
Difference between Books & Tax Dep.	NIL	NIL
B. Deferred Tax Liabilities		
Difference between Books & Tax Depreciation	1566	3112
	-----	-----
	1566	3112
	=====	=====
Net Deferred Tax Debit/Credit	1546 Dr.	

- (j) Expenditure in Foreign Currency Rs. Nil
- (k) Earning in Foreign Currency Rs. Nil

(l) Segment Reporting

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

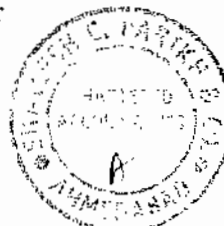
(m) Investments

The transactions during the year are as under:

(Qty in Nos.)

Particulars	Opening Balance	Purchased/Bonus Shares Recd during the year	Sold/Buyback during the year	Closing Balance
Active Finstock P. Ltd.	70000	--	70000	--
Jindal Steel & Power Ltd	--	54720	9120	45600*

* bonus share received during the year



(n) 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 transaction with them are as follows

Key Management Personnel & Relatives		Nature of Transaction			
1	Parmanand G. Khandwala				
2	Jayesh P. Khandwala				
3	Rajesh P. Khandwala				
4	Vimal P. Khandwala				
5	Minaxi P. Khandwala				
6	Kinnary J. Khandwala				
7	Sonal R. Khandwala				
8	Priyanka V. Khandwala				
9	Parmanand G. Khandwala HUF				
10	Jayesh P. Khandwala HUF				
11	Rajesh P. Khandwala HUF				
12	Vimal P. Khandwala HUF				
Enterprises over which Key MGT. Personnel alongwith Relatives have significant influence		Nature of Payment			
		Rent	Electricity	Demat	Interest
1	KIFS Securities Pvt. Ltd.	60000	60000	371	
2	Aristo Traders Pvt. Ltd.	-	-	-	11806

(n) 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.

As per our report of even date

for, Shailesh C. Parikh & Co.,
Chartered Accountants


(Shailesh C. Parikh)
Proprietor

for, KIFS Financial Services Ltd


Director


Director

Place : Ahmedabad
Date : 18-05-2010



Place : Ahmedabad
Date : 18-05-2010

**KIFS FINANCIAL SERVICES LTD
(FORMERLY KNOWN AS KHANDWALA CAPITAL SERVICES LTD)**

BALANCE SHEET ABSTRACT

I	<u>Registration Details</u>	:-
	Registration No.	: 25234
	State Code	: 4
	Balance Sheet Date	: 31st March, 2010
II.	<u>Capital Raised During The Year</u>	:-
	<u>(Amt. In Rs. Thousands)</u>	
	Public Issue	: NIL
	Rights Issue	: NIL
	Bonus Issue	: NIL
	Private Placement	: NIL
III.	<u>Position Of Mobilisation And Deployment</u>	:-
	<u>Of Funds (Amt. In Rs. Thousands)</u>	
	Total Liabilities	: 55824
	Total Assets	: 55824
	Sources Of Funds :-	
	Paid-Up Capital	: 30050
	Reserves & Surplus	: 19502
	Secured Loans	: 6270
	Unsecured Loans	: 0
	Deferred Tax Liability	: 2
	Application Of Funds :-	
	Net Fixed Assets	: 87
	Investments	: 0
	Net Current Assets	: 55737
	Misc. Expenditure	: 0
	Accumulated Losses	: 0



IV. Performance Of Company
(Amt. In Rs. Thousands)

Turnover	:	12622
Total Expenditure	:	1885
Profit / Loss Before Tax (+/-)	:	10737

V. Profit / Loss After Tax (+/-)

Earning Per Share In Rs.	:	2.96
Dividend @ %	:	15

Generic Names Of Three Principal Products/Services Of Company :- N.A.

As Per Our Report Of Even Date
Attached Herewith

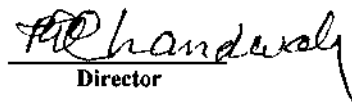
For, Shailesh C. Parikh & Co.
Chartered Accountants


(Shailesh C. Parikh)
Proprietor

Place : Ahmedabad
Date : 18-05-2010



For, KIFS Financial Services Ltd.


Director


Director

Place : Ahmedabad
Date : 18-05-2010