

**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
KIFS HOUSING FINANCE PRIVATE LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of **KIFS Housing Finance Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the 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.

**Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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Manubhai & Shah (Registration No. GUJ/AHD/33849) a Partnership Firm was converted into Manubhai & Shah LLP (LLP identification No.AAG-0878) a Limited Liability Partnership with effect from 1st April, 2016

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as on March 31, 2018, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company does not have any pending litigation as on March 31, 2018;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Mumbai

Date: June 15, 2018

**For Manubhai & Shah LLP**

Chartered Accountants

ICAI Firm Registration No. 106041W/W100136

*Darshan Shah*

Darshan Shah

Partner

Membership No.:131508



## **ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

1. In respect of its Fixed Assets;
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) There is a regular program of physical verification of fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
  - (c) The Company does not have any immovable property forming part of its fixed assets.
2. The Company does not have any inventory and thus paragraph 3(ii) of the Order is not applicable to the Company.
3. The Company has granted unsecured loan to company covered in the register maintained under Section 189 of the Act. The terms of the loan are not prejudicial to the interest of the Company. Also, the schedule of repayment of loan and interest has been stipulated in the agreement and there is no overdue amount as at March 31, 2018 in respect of the aforesaid loan.
4. In our opinion and according to the information and explanations given to us and on the basis of examination of records of the Company, the provisions of section 185 and 186 of the Act are not applicable and hence paragraph 3(iv) of the Order is not applicable.
5. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from the public in accordance with the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
6. To the best of our knowledge and explanations given to us, the Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act in respect of activities undertaken by the Company.
7. In respect of Statutory dues;
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

According to the information and explanations given to us and the records of the Company examined by us, in our opinion, following undisputed amounts payable in respect of the above mentioned statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.



Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Goods and Service Tax	RCM liability	28,018	July 2017	25/08/2017	15/06/2018
Goods and Service Tax	RCM liability	11,208	August 2017	25/09/2017	15/06/2018
Professional Tax – Rajkot	Employees contribution	480	August 2017	15/09/2017	Unpaid
Professional Tax - MP	Employer contribution	2,500	2017-18	08/12/2017	27/04/2018
Professional Tax - Surat	Employer contribution	2,000	2017-18	30/09/2017	04/04/2018
Professional Tax - Vadodara	Employer contribution	2,000	2017-18	30/09/2017	13/06/2018
Income Tax Act	TDS u/s 194I	8,038	September 2017	07/10/2017	28/04/2018

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues outstanding as at March 31, 2018 which have not been deposited on account of a dispute.

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken any loan from financial institution, bank and government as at the balance sheet date.
9. The Company has not raised any money by way of an initial public offer or further public offer (including debt instruments). Also, the Company has not taken any term loan as at the balance sheet date.
10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.
11. Section 197 of the Act is not applicable to the Company and thus reporting under paragraph 3(xi) of the Order is not applicable.
12. The Company is not a Nidhi Company as defined under section 406(1) of the Act and thus Nidhi Rules 2014 are not applicable to the Company.
13. The transactions entered by the Company with related parties are in compliance with section 177 and 188 of the Act. The details of all such transactions are disclosed in Note 24 to the financial statements as required under Accounting Standard 18, Related Party Disclosures.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.





15. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Manubhai & Shah LLP**

*Chartered Accountants*

ICAI Firm Registration No. 106041W/W100136

*Darshan Shah*

Darshan Shah

Partner

Membership No.:131508



**Place:** Mumbai

**Date:** June 15, 2018

**INDEPENDENT AUDITOR'S REPORT**  
**Report on Compliance with the Housing Finance Companies (NHB) Directions, 2010**

**To**  
**The Board of Directors of**  
**KIFS HOUSING FINANCE PRIVATE LIMITED**

**Background**

Pursuant to the Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016 ("the Directions") which became effective from February 03, 2017, we have examined the matters specified in the Paragraph 3 of the said directions in respect of KIFS Housing Finance Private Limited (the "Company") for the year ended March 31, 2018.

**Management's Responsibility**

The Management is responsible for the design and implementation of the internal procedures, systems, processes and controls to ensure compliance with the Directions on an ongoing basis. This responsibility also includes reporting non-compliances, if any, to the National Housing Bank, Board of the Company and its Audit Committee.

**Auditors' Responsibility**

Our responsibility is to report on the matters specified in Paragraph 3 of the Directions based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those involves performing procedures to obtain audit evidence about the compliance with the Directions. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the information and records, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's compliance with the Directions in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our report. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates issued for Special Purpose by the Institute of Chartered Accountants of India.

**Conclusion**

Based on our examination of the books and records of the Company as produced for our examination and the information and explanations provided to us, we report that:

- (1) The Company had applied for registration as required under Section 29A of the National Housing Bank Act, 1987 and has been granted the certificate of registration dated October 27, 2016.
- (2) The Company is meeting the required Net Owned Fund as prescribed under Section 29A of the National Housing Bank Act, 1987.
- (3) The Company has complied with the liquidity requirements as specified under Section 29B of the National Housing Bank Act, 1987 and has kept the securities with the designated bank.
- (4) The Company has complied with Section 29C of the National Housing Bank Act, 1987.

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- (5) The Board of Directors of the Company has passed a resolution for non-acceptance of any public deposits.
- (6) The Company has not accepted any Public deposits during the year ended and as at March 31, 2018.
- (7) The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in the balance sheet, investment in real estate, exposure to capital market, engagement of brokers and concentration of credit / investments as specified in the Housing Finance Companies (NHB) Directions, 2010.
- (8) The capital adequacy ratio as disclosed in the return submitted to the National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank in the Housing Finance Companies (NHB) Directions, 2010.
- (9) The Company has furnished to the Bank within stipulated period the schedule II return for the half year ended on September 30, 2017 as specified in Housing Finance Companies (NHB) Directions, 2010. The Company has not furnished to the Bank the schedule II return for the half year ended on March 31, 2018.
- (10) The Company has furnished to the National Housing Bank within stipulated period the schedule III returns on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010.
- (11) The Company has complied with the requirements relating to opening of new branches / offices or closure of existing branches / offices as specified in Housing Finance Companies (NHB) Directions, 2010.
- (12) The Company has complied with provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.

**Restriction of use**

This report is issued pursuant to the requirement as per Paragraph 3 of the Directions and should not be used by any other person or for any other purpose. We neither accept nor assume any duty or liability for any other purpose or to any other party to whom our report is shown or into whose hands it may come without our prior consent in writing.

**Place:** Mumbai

**Date:** June 15, 2018

**For Manubhai & Shah LLP**  
*Chartered Accountants*

ICAI Firm Registration No. 106041W/W100136

*Darshan Shah*

**Darshan Shah**  
*Partner*

Membership No.:131508



**KIFS Housing Finance Private Limited**  
CIN:U65922GJ2015PTC085079  
Balance Sheet as at 31st March, 2018

		(Amount in Rs.)	
Particulars	Note No.	As at 31-Mar-18	As at 31-Mar-17
<b>I EQUITY AND LIABILITIES:</b>			
(1) Shareholders' fund:			
(a) Share capital	3	999,333,440	114,100,000
(b) Reserves and surplus	4	5,276,194	3,371,597
	(A)	1,004,609,634	117,471,597
(2) Non current liabilities:			
(a) Long-term provision	5	3,111,187	-
	(B)	3,111,187	-
(3) Current liabilities:			
(a) Short-term borrowings			
(b) Trade payables	6	1,681,678	500,000
(i) Due to Micro and Small enterprises	7	-	-
(ii) Due to Others		-	-
(c) Other current liabilities	8	67,520	-
(d) Short-term provision	9	306,187,285	5,350
	(C)	8,125,845	101,221
		316,062,328	606,571
<b>Total</b>	(A+B+C)	<b>1,323,783,149</b>	<b>118,078,167</b>
<b>II ASSETS</b>			
(1) Non current assets:			
(a) Fixed assets			
(i) Property, Plant and Equipment	10	13,253,866	-
(ii) Intangible assets		304,308	-
(b) Long-term loans and advances	11	660,906,791	-
(c) Deferred tax assets (net)	12	2,438,776	360,015
	(D)	676,903,741	360,015
(2) Current assets:			
(a) Trade receivable	13	40,072,514	-
(b) Cash and Bank Balances	14	76,062,040	117,686,720
(c) Short-term loans and advances	15	526,248,022	27,382
(d) Other Current Assets	16	4,496,832	4,050
	(E)	646,879,408	117,718,152
<b>Total</b>	(D+E)	<b>1,323,783,149</b>	<b>118,078,167</b>
Significant accounting policies and notes to financial statements		1 to 34	

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For Manubhai & Shah LLP

Chartered Accountants

Firm Registration No. 106041W/W100136

*Darshan Shah*

(Darshan Shah)

Partner

Membership No.131508



For and on behalf of the Board of Directors of  
KIFS Housing Finance Private Limited

*(Vimal P Khandwala)*

Director :DIN.00477768

*(Swarnpal Singh Bais)*

Director :DIN.07966335

*(Padmanabh Vora)*

Director :DIN.00003192

*(Nutisha S Todt)*

(Company Secretary)

M.No. ACS - 53809

Place: Mumbai

Date:

Place: Mumbai

Date: 15 JUN 2018



**KIFS Housing Finance Private Limited**  
CIN:U65922GJ2015PTC085079  
Statement of profit and loss for the year ended 31st March, 2018

Particulars	Note No.	Year ended 31-Mar-18	(Amount in Rs.) Year ended 31-Mar-17
<b>Income</b>			
Revenue from Operations	17		
Other Income	18	63,784,760	-
<b>Total Revenue</b>	(A)	<b>67,734,322</b>	<b>8,364,590</b>
<b>Expenses</b>			
Employee benefit expenses	19	29,470,277	37,742
Finance cost	20	832,235	-
Depreciation and amortisation expenses	10	1,265,428	-
Provision for Contingencies	21	6,830,800	-
Other expenses	22	25,052,827	1,864,520
<b>Total Expenses</b>	(B)	<b>63,451,567</b>	<b>1,902,262</b>
<b>Profit/(Loss) before tax (A - B)</b>	(C)	<b>4,282,755</b>	<b>6,462,328</b>
<b>Less: Tax Expense:</b>			
Current Tax		4,908,500	1,795,000
Excess provision of tax for earlier year		(451,581)	-
Deferred Tax		(2,078,761)	(360,015)
<b>Profit/(Loss) for the year (C - D)</b>	(E)	<b>1,904,597</b>	<b>5,027,343</b>
<b>Earning per share (face value Rs. 10/- each):</b>			
<b>Basic and Diluted (Refer note no. 25)</b>		<b>0.07</b>	<b>0.44</b>

Significant accounting policies and notes to financial statements 1 to 34

The notes referred above form an integral part of the financial statements

As per our report of even date attached

For Manubhai & Shah LLP

Chartered Accountants

Firm Registration No. 106041W/W100136

*Darshan Shah*

(Darshan Shah)  
Partner  
Membership No.131508



For and on behalf of the Board of Directors of  
KIFS Housing Finance Private Limited

*Vimal P Khandwala*  
(Vimal P Khandwala)  
Director :DIN.00477768

*Padmanabh Vora*  
(Padmanabh Vora)  
Director :DIN.00003192

Place: Mumbai  
Date:

*Swarnpal Singh Bais*  
(Swarnpal Singh Bais)  
Director :DIN.07966335

*Nutisha S Todi*  
(Nutisha S Todi)  
(Company Secretary)  
M.No. ACS - 53809



Place: Mumbai

Date: 15 JUN 2018

# KIFS Housing Finance Private Limited

## Cash Flow statement for the year ended 31st March, 2018

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flow from operating activities</b>		
Net profit before tax		
Adjustment for:	4,282,755	6,462,328
Depreciation and amortisation		
Gratuity	1,265,428	-
Compensated absence	414,134	-
Provision for contingencies	1,175,535	-
Profit on sale of investment	6,830,800	-
Interest Income from Bank Deposits	(2,533,020)	(196,794)
Interest on Bank Overdraft	(1,416,542)	
Interest on other borrowings	449,713	
	382,522	
<b>Operating profit before working capital changes</b>	10,851,325	6,265,534
Adjustment for working capital changes:		
Increase/(Decrease) in long term provisions	-	-
Increase/(Decrease) in trade payables		
Increase/(Decrease) in other current liabilities	67,520	(17,250)
Increase/(Decrease) in short term provisions	306,181,936	5,350
(Increase)/Decrease in long term loans and advances	2,407,374	23,000
(Increase)/Decrease in trade receivables	(660,533,431)	-
(Increase)/Decrease in short term loans and advances	(40,072,514)	-
(Increase)/Decrease in other assets	(526,220,640)	(27,382)
	(4,492,782)	751,591
<b>Cash generated from operations</b>		
Income taxes paid	(4,522,311)	(1,725,820)
<b>Net cash generated/(used) from/in operating activities ( A )</b>	(916,333,524)	5,275,023
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(14,823,602)	-
Purchase of investments	(1,406,000,000)	(117,500,000)
Sale of investments	1,408,533,020	117,696,794
Investment in fixed deposits	(64,977,700)	-
Interest Income from Bank Deposits	1,416,542	
<b>Net cash generated/(used) from/in investing activities ( B )</b>	(75,851,740)	196,794
<b>Cash flow from financing activities</b>		
Proceeds from issue of equity shares	885,233,440	-
Increase/(Decrease) in short term borrowings	837,408	-
Proceeds from loans taken/(repaid) from director	(500,000)	390,000
Proceeds from loans taken from related parties	99,144,270	
Proceeds from loans repaid to related parties	(98,300,000)	
Interest on Bank Overdraft	(449,713)	
Interest on other borrowings	(382,522)	
<b>Net cash generated/(used) from/in financing activities ( C )</b>	885,582,883	390,000
<b>Net increase in cash and cash equivalents (A+B+C)</b>	(106,602,381)	5,861,817
Cash and cash equivalents at the beginning of the year	117,686,720	111,824,903
<b>Cash and cash equivalents at the end of the year</b>	11,084,339	117,686,720





# KIFS Housing Finance Private Limited

Cash Flow statement for the year ended 31st March, 2018

(Amount in Rs.)

## Components of cash and cash equivalents

Cash in hand

Balance with banks in current accounts

122,415

127,663

10,961,924

117,559,057

**Cash and cash equivalents at the end of the year**

11,084,339

117,686,720

**The notes referred above form an integral part of the financial statements**

**As per our report of even date attached**

**For Manubhai & Shah LLP**

Chartered Accountants

Firm Registration No. 106041W/W100136

**For and on behalf of the Board**  
**Director**

*Darshan Shah*



(Darshan Shah)

Partner

Membership No.131508

*Vimal P Khandwala*  
(Vimal P Khandwala)

Director :DIN.00477768

*Swarnpal Singh Bais*  
(Swarnpal Singh Bais)

Director :DIN.07966335

*Padmanabh Vora*  
(Padmanabh Vora)

Director :DIN.00003192

*Nutisha S Todt*  
(Nutisha S Todt)

(Company Secretary)

M.No. ACS - 53809

Place: Mumbai

Date: 15 JUN 2018

Place: Mumbai

Date:



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**1. Company Overview:**

KIFS Housing Finance Private Limited (herein after referred to as 'the Company') has been incorporated on November 16, 2015 with the main object of providing housing loans. The Company is registered with the National Housing Bank u/s 29A of the National Housing Act, 1987 with effect 27th October, 2016 with objective of advancing housing loans. The company is registered in Ahmedabad, Gujarat and has its corporate office in Mumbai is a company incorporated under the provisions of the Companies Act, 2013.

**2. Statement of Significant Accounting Policies :**

**a. Basis of preparation of Financial Statements and prudential norms:**

These financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting unless otherwise stated and in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") and conform to the statutory requirements, circulars and guidelines issued by the National Housing Bank ("NHB") from time to time to the extent applicable. The financial statements have been prepared to comply in all material respects with the Accounting Standards ("AS") notified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable.

**b. Use of Accounting Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) on the date of financial statements and the reported amounts of revenues and expenses for the reporting period. Management believes that the estimates and assumptions used in preparation of the financial statement are prudent and reasonable based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. The actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods in which the results are known /materialize.

All assets and liabilities have been classified as current or non-current as per companies operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of its activities company has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**c. Revenue Recognition:**

**Interest on housing loans:**

Interest Income on loans is recognised on accrual basis from the disbursement date as per disbursal memo except in case of non-performing assets where interest is recognised upon



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

realization as per NHB guidelines. Repayment of housing loans is by way of Equated Monthly Installments ("EMI") comprising principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by the borrower. EMI commences once the entire loan is disbursed. Pending commencement of EMI, pre EMI interest is charged every month and is accounted on accrual basis.

**Fees and other charges:**

1. Upfront processing fees are recovered and recognised at the time of initiating the process of disbursement of loan.
2. Other charges such as cheque bounce charges, late payment charges are recognised when there is no significant uncertainty as to determination and realization.
3. In case of non-performing assets, fees and other charges are recognized upon realization as per the NHB guidelines.

**Interest on Inter corporate deposits and other loans:**

Interest on inter corporate deposits and other loans are recognized on accrual basis except in case of non-performing assets where interest is recognized upon realization as per NHB guidelines.

**Income from investment:**

1. Income from dividend is recognized in the statement of profit and loss when the right to receive is established.
2. Interest income on fixed deposits is recognized on time proportion basis.

**Other income:**

In other cases, income is recognized following accrual principles when there is no significant uncertainty as to determination and realization.

**d. Borrowing and Borrowing cost:**

Interest and other related financial charges are recognized as an expense in the period for which they relate as specified in Accounting Standard (AS 16) on "Borrowing Costs". Ancillary costs in connection with the borrowings and deposit are amortized to Statement of Profit and Loss over the tenure of loan/deposit.

**e. Property, plant & equipment:**

**Tangible Assets:**

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working conditions for its intended use. Subsequent expenditure incurred on assets is capitalized only when it increases the future benefits/functioning capability from / of such assets.



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

Depreciation is charged over the estimated useful life of the fixed assets on a straight line method ("SLM") in the manner prescribed in schedule II of the Companies act, 2013 or the life of asset estimated by management, whichever is lower.

1. Improvements to the leasehold premises are charged off over the primary period of lease or its useful life, whichever is lower.
2. Assets individually costing less than Rs. 5,000/- are fully depreciated in the year of purchase.
3. The Company has estimated 5% residual value at the end of the useful life for all block of assets.
4. For assets purchased and sold during the year, depreciation is provided on a pro rata basis by the company.

**Intangible Assets:**

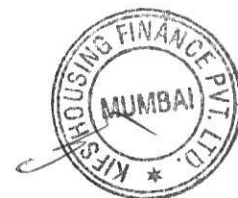
Software and system development expenditure are capitalized at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of five years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

**f. Impairment of assets:**

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset or the cash generation unit ("CGU"). If such recoverable amount of the asset or the recoverable amount of the CGU to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is created as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the revised recoverable amount, subject to maximum of the depreciated historical cost.

**g. Investments:**

In accordance with AS-13 on "Accounting for Investments" and the guidelines issued by National Housing Bank ("NHB"), investments that are readily realizable and intended to be held for not more than twelve months from the date of acquisition are classified as current investments. All other investments are classified as long term investments. However, that part of long term investments which are expected to be realized within twelve months from balance sheet date is also presented as current investment. Long term investments are stated at cost. Provision is recognized only in case of diminution in the value of long term investments, which is other than temporary in nature. Current investments are valued at



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

lower of cost and fair value. In case of unquoted units of schemes of mutual funds, NAV declared by respective mutual fund is considered as fair value.

**h. Loans and advances: Classification and provisioning**

Housing loans are recorded in the books on the date of its disbursement as per disbursement memo and are classified as per NHB guidelines, into performing and non-performing asset. All loans and other credit exposures where the installments, including interest and other dues are overdue for a period of more than 90 days are classified as non-performing assets in accordance with the prudential norms prescribed by the NHB. Further, non-performing assets are classified into doubtful asset, loss asset and provision is made based on criteria stipulated by the NHB guidelines. The company maintains general provision for standard assets as per the prudential norms prescribed by the NHB.

**i. Employee Benefits:**

**Defined Contribution plans**

Company makes specified monthly contributions towards employee provident fund to government administered provident fund scheme which is a defined contribution plan. The company's contribution is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**Gratuity:**

The Company's gratuity Fund Scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their services in current and prior periods, that benefit is discounted to determine its present value and fair value of any plan assets, if any is deducted. The present value of the obligation under such benefit plan is determined actuarial valuation using the projected unit credit method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

**Compensated Absences**

As per the policy of the Company, an employee can carry forward maximum privilege leave of 30 days to next financial year. No leaves are allowed to be encashed. An obligation arises as employees render the service that increases their entitlement to future compensated



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at balance sheet date.

**j. Taxes on Income:**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the effects of timing differences between accounting income and taxable income for the period).

**Current tax**

Provision for current income tax is recognized in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

**Minimum Alternate Tax (MAT)**

In case the company is liable to pay income tax u/s 115JB of Income Tax Act, 1961, the amount paid in excess of normal income tax is recognized as asset (MAT credit entitlement) only if there is convincing evidence for realization of such asset during the specified period. MAT credit entitlement is reviewed at each Balance sheet date.

**Deferred tax**

Deferred tax is recognized in respect of timing differences between taxable income and accounting income i.e. difference those originates in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets/liabilities are recognized only to the extent there is reasonable certainty that the assets/liabilities can be realized in future; however where there is unabsorbed depreciation or carried forward losses under taxation laws, deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets/liabilities are reviewed as at the each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

**k. Provisions, Contingent Liabilities and Assets:**

The Company recognize provision when there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In case where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonable estimated, a disclosure is made in the financial statements. Provisions are reviewed at the balance sheet and





**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

**l. Earnings Per Share(EPS):**

The Basic earning per equity share have been computed by dividing net profit / loss available to the equity shareholders for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit available to the equity shareholders after giving impact of dilutive potential equity shares for the year by weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

**m. Operating Leases:**

Payments under lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more appropriate.

**n. Statutory / Special Reserve:**

The Company creates Statutory / Special Reserve on yearly basis as required under section 29C of the National Housing Bank Act, 1987.

**o. Foreign exchangetransaction:**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rates prevailing on the date of the Balance Sheet, except those covered by forward contract, currency swap contracts. Any gain or loss on account of exchange differences either on settlement or on translation are recognized in the statement of profit and loss.

**p. Goods and Service tax / Service Tax input credit:**

GST input credit is accounted in the books as an eligible asset to be utilized against current or future output liability as per GST rules. We have opted 50:50 set off verses proportional set off as per provision under section 17(2) and 17(4) of **Section 17** of the Central Goods and Services Tax (CGST) Act, 2017.



**3 Share Capital**

**3.1 Authorised, Issued, Subscribed and Paid- Up Capital:**

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
<b>Authorised</b>		
100,000,000 (previous year: 21,000,000) equity shares of Rs.10/- each	1,000,000,000	210,000,000
	<b>1,000,000,000</b>	<b>210,000,000</b>
<b>Issued , Subscribed and Paid Up</b>		
99,933,344 (previous year: 11,410,000) equity shares of Rs. 10/- each, fully paid	999,333,440	114,100,000
	<b>999,333,440</b>	<b>114,100,000</b>

**Notes:**

- a) The Company has only one class of equity shares having face value of Rs.10 each. Each holder of equity shares is entitled to one vote per share.
- b) In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

**3.2 Reconciliation of number of shares:**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Outstanding at the beginning of the year	11,410,000	114,100,000	11,410,000	114,100,000
Issued during the year	88,523,344	885,233,440	-	-
Repaid during the year	-	-	-	-
Outstanding at the end of the year	99,933,344	999,333,440	11,410,000	114,100,000

**3.3 The details of shareholders holding more than 5 % of issued share capital as on March 31, 2018 is set out below:**

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares	%	No. of Shares	%
KIFS International LLP	99,433,344	99.50%	-	-
Rajesh P Khandwala	-	-	5,455,000	47.81%
Vimal P Khandwala	-	-	5,455,000	47.81%
	99,433,344	99.50%	10,910,000	95.62%

- 3.4 No shares were reserved at the year-end for issue under options and contracts / commitments for the sale of shares / disinvestment.

**4 Reserves and Surplus**

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(i) Statutory Reserve</b>		
(As per Section 29C of National Housing Bank Act, 1987)		
At the beginning of the Year		
Add : Addition during the Year	1,005,469	-
Less : Appropriation during the Year	380,919	1,005,469
At the end of the Year	1,386,388	1,005,469
<b>(ii) Surplus/(Deficit) in Statement of Profit and Loss</b>		
Surplus/(Deficit) at the beginning of the Year	2,366,128	(1,655,746)
Add/(Less): Net Profit /(Loss) for the Year	1,904,597	5,027,343
Less : Transfer to Statutory Reserve	(380,919)	(1,005,469)
	1,523,678	4,021,874
Surplus/(Deficit) at the end of the Year	3,889,806	2,366,128
	<b>5,276,194</b>	<b>3,371,597</b>



**KIFS Housing Finance Private Limited**  
Notes to the financial statement for the year ended 31st March, 2018

**5 Long Term Provision:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Provision for employee benefits</b>		
Gratuity [Refer note no. 28(a)]		
Compensated absences [Refer note no. 28(b)]	412,718	-
<b>Other provisions</b>	1,051,128	-
Contingent Provisions against Standard Assets		
-Home Loans		
-Inter corporate deposits	1,647,341	-
	3,111,187	-

**6 Short-Term Borrowings:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Secured</b>		
Loans repayable on demand		
Short term loans from bank #	837,408	-
<b>Unsecured</b>		
Loan from Director/Group Companies ##	844,270	500,000
	1,681,678	500,000

# Secured by the way of lien on fixed deposit with bank. These are repayable on demand and carry interest spread of 1% above interest on fixed deposit.

## Unsecured loan provided by the group company (previous year: by one of the director). These are repayable on demand and carry interest rate of 15% per annum (PY: Nil).

**7 Trade Payables:**

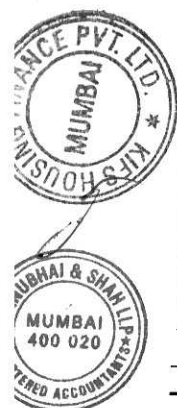
Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Creditors</b>		
Due to Micro, Small and Medium Enterprises (Refer note 32)		
Due to others	67,520	-
	67,520	-

**8 Other Current Liabilities:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
Statutory liabilities		
Book overdraft	8,348,884	5,350
Salary and bonus payable	276,947,165	-
Advance EMI	6,290,326	-
Other Liabilities	213,573	-
	14,387,337	-
	306,187,285	5,350

**9 Short Term Provision:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Provision for employee benefits</b>		
Gratuity [Refer note no. 28(a)]		
Compensated absences [Refer note no. 28(b)]	1,416	-
<b>Other provisions</b>	124,407	-
Provision for expenses		
Provision for Taxes (Net of taxes paid CY Rs.4,522,311/- PY Rs.1,716,779/-)	2,430,373	23,000
Contingent Provisions against Standard Assets	386,189	78,221
-Home Loans		
-Inter corporate deposits	39,762	-
	5,143,698	-
	8,125,845	101,221



KIFS Housing Finance Private Limited

10. Fixed Asset

Current year

Description of asset	Gross Block			Depreciation			Net Block	
	As at 1st April, 2017	Additions during the year	Deductions during the year	As at 31st March, 2018	As at 1st April, 2017	Additions during the year	As at 31st March, 2018	As at 31st March, 2017
<b>Property, Plant &amp; Equipment</b>								
Computer and data processing units	-	2,037,673	-	2,037,673	-	356,121	356,121	-
Furniture and fixtures	-	27,566	-	27,566	-	12,328	12,328	-
Office equipments	-	551,581	-	551,581	-	70,078	70,078	-
Leasehold improvements	-	11,856,832	-	11,856,832	-	781,259	781,259	-
<b>Total tangible assets (a)</b>	-	<b>14,473,652</b>	-	<b>14,473,652</b>	-	<b>1,219,786</b>	<b>1,219,786</b>	-
<b>Intangible assets:</b>								
Computer software	-	349,950	-	349,950	-	45,642	45,642	-
<b>Total intangible assets (b)</b>	-	<b>349,950</b>	-	<b>349,950</b>	-	<b>45,642</b>	<b>45,642</b>	-
<b>Total (a) + (b) = (c)</b>	-	<b>14,823,602</b>	-	<b>14,823,602</b>	-	<b>1,265,428</b>	<b>1,265,428</b>	-

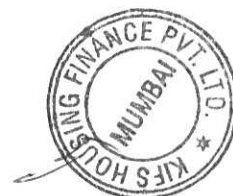


KIFS Housing Finance Private Limited

10. Fixed Asset

Previous year

Description of asset	Gross Block			Depreciation			Net Block	
	As at 1st April, 2016	Additions during the year	Deductions during the year	As at 31st March, 2017	As at 1st April, 2016	Additions during the year	As at 31st March, 2017	As at 31st March, 2016
<b>Tangible assets:</b>								
Computer and data processing units	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-
Office equipments	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
<b>Total tangible assets (a)</b>	-	-	-	-	-	-	-	-
<b>Intangible assets:</b>								
Computer software	-	-	-	-	-	-	-	-
<b>Total intangible assets (b)</b>	-	-	-	-	-	-	-	-
<b>Total (a) + (b) = (c)</b>	-	-	-	-	-	-	-	-



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**11 Long Term Loans and Advances:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b><u>Secured</u></b>		
<b><u>Home Loans *</u></b>		
Loans to others		
Loan to related parties	630,669,358	-
<b><u>Other Loans*</u></b>		
Insurance receivable	28,266,874	-
<b><u>Unsecured, considered good</u></b>		
Security deposit		
Prepaid expenses	1,597,199	-
Advance Income tax (Net of provision of CY: Rs.1,343,420/- and PY Rs. Nil)	373,360	-
	<b>660,906,791</b>	<b>-</b>

\* Loans granted by the company are secured by equitable mortgage / registered mortgage of the property and/or undertaking to create security and or personal guarantees and/or assignment of life insurance policies.

**12 Deferred Tax asset/(liability):**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Deferred tax liabilities</b>		
Depreciation on fixed assets		
	163,103	-
Gross deferred tax liability	163,103	-
<b>Deferred tax assets</b>		
Provision for gratuity		
Provision for leave encashment	115,212	-
Preliminary expenses	327,034	-
Provision for Contingencies	259,304	360,015
	1,900,329	-
Gross deferred tax asset	2,601,879	360,015
<b>Net deferred tax asset / (liability)</b>	<b>2,438,776</b>	<b>360,015</b>

**13 Trade Receivables:**

Particulars	As at March 31, 2018	(Amount in Rs.) As at March 31, 2017
<b>Unsecured but considered good</b>		
Outstanding for a period less than six months		
- From related parties		
- From others	21,608,793	-
	18,463,721	-
	<b>40,072,514</b>	<b>-</b>





**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**14 Cash & Bank Balances:**

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalents</b>		
Cash on Hand		
Balance with Banks	122,415	127,663
- In current accounts		
Total cash and cash equivalents	10,961,924	117,559,057
	11,084,339	117,686,720
<b>Other bank balances</b>		
- In fixed deposit accounts having maturity of more than 3 months	64,977,701	-
Total other bank balances	64,977,701	-
	76,062,040	117,686,720

**15 Short Term Loans and Advances:**

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
<b><u>Secured, considered good</u></b>		
<b><u>Home Loans *</u></b>		
Loans to others	10,966,678	-
<b><u>Other Loans*</u></b>		
Insurance receivable	479,077	-
<b><u>Unsecured, considered good</u></b>		
Inter corporate deposits to others		
Inter corporate deposits to related parties	388,070,407	-
Security deposit	126,299,352	-
Capital advances	-	-
Prepaid Expenses	337,350	-
Other advances	51,271	27,382.00
	43,885	-
	526,248,022	27,382.00

\* Loans granted by the company are secured by equitable mortgage / registered mortgage of the property and/or undertaking to create security and or personal guarantees and/or assignment of life insurance policies.

**16 Other Current Assets:**

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on home loans		
Interest accrued but not due on fixed deposits with bank	3,741,355	-
Advance to employees for expenses	297,187	-
EMI/Pre EMI receivable on home loans	226,596	-
Advance recoverable in cash or kind	40,753	-
Balance with Government authorities	49,614	4,050.00
	141,327	-
	4,496,832	4,050.00



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**17 Revenue from Operations:**

Particulars	For the year ended March 31, 2018	(Amount in Rs.) For the year ended March 31, 2017
Interest income on loans	28,561,111	-
Processing fess and other charges	19,373,649	-
Other operating income (Refer note 17.1)	15,850,000	-
	<b>63,784,760</b>	<b>-</b>

**17.1 Other Operating Income:**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Lead generation charges	3,000,000	-
Other ancillary services	12,850,000	-
	<b>15,850,000</b>	<b>-</b>

**18 Other Income:**

Particulars	For the year ended March 31, 2018	(Amount in Rs.) For the year ended March 31, 2017
Interest on fixed deposits with banks	1,416,542	8,167,796
Net gain on sale of current investments	2,533,020	196,794
	<b>3,949,562</b>	<b>8,364,590</b>

**19 Employee Benefit expenses:**

Particulars	For the year ended March 31, 2018	(Amount in Rs.) For the year ended March 31, 2017
Salary, wages and bonus	27,510,133	37,742
Contribution to provident and other funds	1,410,367	-
Staff welfare expenses	135,643	-
Gratuity [Refer note no 28(a)]	414,134	-
	<b>29,470,277</b>	<b>37,742</b>

**20 Finance Cost:**

Particulars	For the year ended March 31, 2018	(Amount in Rs.) For the year ended March 31, 2017
Interest on Bank Overdraft	449,713	-
Interest on other borrowings	382,522	-
	<b>832,235</b>	<b>-</b>



**KIFS Housing Finance Private Limited**  
Notes to the financial statement for the year ended 31st March, 2018

**21 Provision for contingencies:**

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Contingent Provision against Standard Assets	6,830,800	-
	<b>6,830,800</b>	<b>-</b>

**22 Other Expenses:**

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Advertisement & Marketing Expenses		
Auditor's remuneration (Refer note no. 26)	365,635	43,496
Business promotion expenses	157,115	17,250
Commission & Brokerage	213,861	-
Communication and data charges	926,593	-
Legal and professional charges	576,586	90
Legal, Technical & valuation charges	1,507,193	1,663,988
Membership & Subscription fees	2,996,492	-
Power and fuel	56,610	64,687
Printing and stationary	77,348	-
Rates and Taxes	360,343	220
Recruitment Expenses	8,498,238	2,257
Rent	1,809,936	-
Repair and maintenance	1,451,406	-
Computer and software		
Others	359,939	17,825
ROC & Filing Expenses	301,940	-
Travelling and conveyance	15,618	30,079
Miscellaneous Expenses	4,552,130	20,226
	825,844	4,402
	<b>25,052,827</b>	<b>1,864,520</b>



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**23. Segment reporting:**

The Company is primarily engaged into business of providing loans for purchase or construction of residential houses. Further, the Company does not have any separate geographical segment in India. As such there are no separate reportable segments as per AS 17 "Segment Reporting".

**24. Related party disclosure:**

**I. Name of Related parties:**

**(A) Holding Enterprises:**

- KIFS International LLP\*

**(B) Key Managerial person**

- |                       |   |
|-----------------------|---|
| - Rajesh P Khandwala  | - Managing Director                                 |
| - Vimal P Khandwala   | - Managing Director                                 |
| - Swarnpal Singh Bais | - Joint Managing director & Chief Executive officer |
| - Nutisha S Todi      | - Company Secretary                                 |

**(C) Relatives of Key Managerial person**

- Jayesh P Khandwala      - Brother of Managing Directors

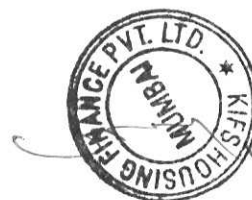
**(D) Enterprises in which key managerial persons have control**

- KIFS Trade Capital Private Limited
- Khandwala Enterprise Limited

**(E) Enterprises in which key managerial person's relatives have control**

- Aristo Traders Private Limited

\* Become controlling enterprises by acquiring total 1,09,10,000 equity shares from Mr. Rajesh P Khandwala & Vimal P Khandwala equally on 25<sup>th</sup> November, 2017.



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**II. Transactions with related parties:**

Transaction	Name of the related party	Holding Enterprises	Enterprises in which KMP/Relative of KMP has control	(Amount in Rs.)
Subscription/Purchase of equity shares	KIFS International LLP	885,233,440	-	-
<b>Total</b>			(-)	(-)
Loan Given		885,233,440	-	-
	Aristo Traders Pvt. Ltd.	-	(-)	(-)
<b>Total Loan given</b>			195,000,000	-
		(-)	(-)	(-)
Repayment received of loan given	Aristo Traders Pvt. Ltd.	-	195,000,000	-
		(-)	(-)	(-)
		-	68,700,648	-
		(-)	(-)	(-)
<b>Total Repayment received of loan given</b>			68,700,648	-
Loan Taken		(-)	(-)	(-)
	Aristo Traders Pvt. Ltd.	-	98,800,000	-
	Rajesh P Khandwala	(-)	(-)	(-)
		-	-	200,000
		(-)	(-)	(96,000,000)
<b>Total Loan taken</b>			98,800,000	200,000
		(-)	(-)	(96,000,000)
Repayment of loan taken	Aristo Traders Pvt. Ltd.	-	98,300,000	-
	Rajesh P Khandwala	(-)	(-)	(-)
		-	-	700,000
		(-)	(-)	(95,610,000)
<b>Total Repayment of loan taken</b>			98,300,000	700,000
		(-)	(-)	(95,610,000)



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**  
**Transactions with related parties (Cont...):**

(Amount in Rs.)				
Transaction	Name of the related party	Holding Enterprises	Enterprises in which KMP/Relative of KMP has control	KMP/Relative of KMP
Lead generation charges (Income)	KIFS Trade Capital Pvt. Ltd.	-	3,000,000	-
Interest Income	Aristo Traders Pvt. Ltd.	(-)	(-)	(-)
Reimbursements received/receivable	KIFS Trade Capital Pvt. Ltd.	-	2,967,122	-
		(-)	(-)	(-)
<b>Total Income/Reimbursement Received</b>		(-)	17,000,375	(-)
		(-)	(-)	(-)
		-	<b>22,967,497</b>	(-)
Rent	KIFS International LLP	135,000	-	-
	KIFS Trade Capital Pvt. Ltd.	(-)	(-)	(-)
Interest expenses	Aristo Traders Pvt. Ltd.	-	225,000	-
		(-)	(-)	(-)
Managerial Remuneration	Swarnpal Singh Bais	-	382,522	-
		(-)	(-)	(-)
	Nutisha S Toddi	-	-	9,985,365
		(-)	(-)	(-)
Reimbursement of expenses (paid/payable)	KIFS Trade Capital Pvt. Ltd.	-	-	261,392
	Khandwala Enterprises Pvt. Ltd.	(-)	(-)	(-)
		-	16,000	-
		(-)	(-)	(-)
	Swarnpal Singh Bais	-	94,186	-
		(-)	(-)	(-)
		-	-	327,887
		(-)	(-)	(-)
<b>Total Expenses</b>		135,000	717,708	10,313,252
		(-)	(-)	(-)





**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**Transactions with related parties (Cont...):**

Transaction	Name of the related party	Holding Enterprises	Enterprises in which KMP/Relative of KMP has control	(Amount in Rs.)
<b>Outstanding Balances</b>				
Loan taken	Aristo Traders Pvt. Ltd.	-	500,000	-
	Rajesh P Khandwala	(-)	(-)	(-)
		-	-	-
Loan given	Aristo Traders Pvt. Ltd.	(-)	(-)	(500,000)
Interest payable	Aristo Traders Pvt. Ltd.	-	126,299,352	-
		(-)	(-)	(-)
Rent payable	KIFS International LLP	-	344,270	-
		(-)	(-)	(-)
		135,000	-	-
	KIFS Trade Capital Pvt. Ltd.	(-)	(-)	(-)
Managerial Remuneration payable	Swarnpal Singh Bais	-	225,000	-
		(-)	(-)	(-)
	Nutisha S Toddi	-	-	989,520
		(-)	(-)	(-)
		-	-	42,867
Lead generation charges receivable	KIFS Trade Capital Pvt. Ltd.	(-)	(-)	(-)
Reimbursements receivables	KIFS Trade Capital Pvt. Ltd.	-	3,240,000	-
		(-)	(-)	(-)
Reimbursements payable	KIFS Trade Capital Pvt. Ltd.	-	21,608,793	-
		(-)	(-)	(-)
	Khandwala Enterprises Pvt. Ltd.	-	16,000	-
		(-)	(-)	(-)
		-	22,051	-
		(-)	(-)	(-)
	Swarnpal Singh Bais	-	-	498,770
		(-)	(-)	(-)

Previous year figures are in italics



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**25. Earnings per share:**

In accordance with Accounting Standard 20 on Earnings per share, the computation of earnings per share is set out below:

(Amount in Rs.)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit available for equity share holders	1,904,597	5,027,343
Weighted average number of equity shares	27,235,751	11,410,000
Basic earnings per share (Rs.)	0.07	0.44
Profit available for equity share holders	1,904,597	5,027,343
Weighted average number of shares for basic earnings per share	27,235,751	11,410,000
Dilutive effect	-	-
Weighted average number of shares for diluted earnings per share	27,235,751	11,410,000
Diluted earnings per share (RS.)	0.07	0.44

**26. Auditor's remuneration:**

(Amount in Rs.)

	For the year ended March 31, 2018	For the year ended March 31, 2017
As auditor		
Statutory audit	125,000	15,000
Tax audit	25,000	-
	150,000	15,000
For certification and other work		5,000
Out of pocket expenses	10,115	
Service Tax	(3,000)	3,000
Goods and service tax	3,600	-
	160,715	23,000



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**27. Contingent liabilities and commitments:**

**Contingent liabilities: Nil**

**Commitments:**

	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Commitments not provided for:		
Capital commitments (Net of capital advances of Rs.3,37,350/-)(PY Nil)	4,98,200	-
Commitments related to loans sanctioned but undrawn	12,18,14,473	-
Commitments related to loans sanctioned but partially undrawn	11,93,86,544	-
	24,16,99,217	-

**28. Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits:**

**I. Defined contribution plan:**

	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's contribution to provident fund	11,59,767	-
Employer's contribution to ESIC	2,48,056	-
Labour welfare fund	2,544	-
	14,10,367	-

**II. Defined benefit plan:**

The details of the Company's post-retirement benefit plans for its employees including whole time director are given below which is as certified by the actuary and relied upon by the auditors:

**(a) Gratuity benefit:**

The details of the company's post-retirement benefit plans for its employees including whole time directors for gratuity are given below which is as certified by the actuary and relied upon by the auditors:



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits (Continued..):**

**Principal actuarial assumptions at the balance sheet date:**

(Amount in Rs.)

	As at 31 March 2018	As at 31 March 2017
Interest /Discount Rate	7.50%	NA
Rate of Increase in compensation	7.00%	NA
Employee Attrition rate (Past service)(PS)	15% at younger ages Reducing to 2% at older ages	NA
Expected Average remaining service	10.97%	NA

**Changes in the present value of the defined benefit obligations are as follows:**

	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Current Service Cost	414,134	-
Past service cost	-	-
Interest Cost	-	-
Benefit paid	-	-
Curtailement cost	-	-
Settlement cost	-	-
Net actuarial gain or loss at the end of the year	414,134	-
Present value of the obligation at th end of the year		
<b>Fair value of plan assets</b>	<b>414,134</b>	-



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits (Cont...)**

**Fair value of plan assets**

	(Amount in Rs.)	
	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Fair value of plan assets at the end of period	-	-
Funded status (including unrecognized past service cost)	-	-
Excess of actual over estimated return of plan assets	-	-

**Note -The Company doesn't have any plan assets as at 31 March,2018 (31 March ,2017 :Rs. Nil)**

**Experience History**

	As at 31 March 2018	As at 31 March 2017
(Gain)/Loss on obligation due to change in assumption	-	-
Experience (Gain)/Loss on obligation	-	-
Actuarial (Gain)/Loss on plan assets	-	-

**Amounts to be recognized in the Balance Sheet**

	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Fair value of plan assets at the end of period	-	-
Funded status	-	-
Unrecognized Actuarial (Gain)/Loss	-	-
Unrecognized past service cost-Non vested benefits	-	-
Net assets/(liability) recognized in balance sheet	414,134	-

**(b)Leave encashment benefit:**

The details of the company's post-retirement benefit plans for its employees including whole time directors for leave encashment benefit are given below which is as certified by the actuary and relied upon by the auditors:



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits (Cont...)**

**Principal actuarial assumptions at the balance sheet date:**

(Amount in Rs.)

	As at 31 March 2018	As at 31 March 2017
Interest /Discount Rate	7.50%	NA
Rate of Increase in compensation	7.00%	NA
Employee Attrition rate (Past service)(PS)	15% at younger ages Reducing to 2% at older ages	NA
Expected Average remaining service	10.97%	NA

**Changes in the present value of the defined benefit obligations are as follows:**

	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Current Service Cost	1,175,535	-
Past service cost	-	-
Interest Cost	-	-
Benefit paid	-	-
Curtailment cost	-	-
Settlement cost	-	-
Net actuarial gain or loss at the end of the year	-	-
Present value of the obligation at the end of the year	-	-
<b>Fair value of plan assets</b>	<b>1,175,535</b>	-

**Fair value of plan assets**

	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefit paid	-	-
Fair value of plan assets at the end of period	-	-
Funded status (including unrecognized past service cost)	-	-
Excess of actual over estimated return of plan assets	-	-

**Note -The Company doesn't have any plan assets as at 31 March, 2018 (31 March, 2017 :Rs. Nil)**



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**Disclosure pursuant to Accounting Standard 15 (Revised) – Employee Benefits (Cont...)**  
**Experience History**

(Amount in Rs.)

	As at 31 March 2018	As at 31 March 2017
(Gain)/Loss on obligation due to change in assumption	-	-
Experience (Gain)/Loss on obligation	-	-
Actuarial (Gain)/Loss on plan assets	-	-

**Amounts to be recognized in the Balance Sheet**

	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	-	-
Fair value of plan assets at the end of period	-	-
Funded status	-	-
Unrecognized Actuarial (Gain)/Loss	-	-
Unrecognized past service cost-Non vested benefits	-	-
Net assets/(liability) recognized in balance sheet	1,175,535	-

**Expenses recognized in the statement of profit and loss account**

	As at 31 March 2018	As at 31 March 2017
Current service cost	1,175,535	-
Interest Cost	-	-
Past service cost(non vested benefits)	-	-
Past service cost(vested benefits)	-	-
Unrecognized past service cost -non vested benefits	-	-
Expected return of plan assets	-	-
Net actuarial gain/(loss) recognized for the period	-	-
Expenses recognized in the statement of profit and loss account	1,175,535	-

**Movements in the Liability recognized in balance sheet**

	As at 31 March 2018	As at 31 March 2017
Opening net liability	-	-
Expenses recognized	1,175,535	-
Employees contributions	-	-
Closing net liability	1,175,535	-
<b>Closing provisions at the end of the year</b>		



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**29. Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with company's policy as stated in note 2 .h:**

(Amount in Rs.)

	As at 31 March 2018	
	Housing Loans	Non-housing Loans
Standard asset		
Principle outstanding	1,189,210,720	-
Provisions	6,830,800	-
Sub-standard asset		
Principle outstanding	-	-
Provisions	-	-
Doubtful asset		
Principle outstanding	-	-
Provisions	-	-
Total		
Principle outstanding	1,189,210,720	-
Provisions	6,830,800	-
Add:		
Total		
EMI /Pre EMI Interest/Fees debtors	4,458,974	-
Provision on the above	11,147	-
Net balance		
Principle outstanding	1,184,751,746	-
Provisions	6,819,653	-





**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with company's policy as stated in note 2 .h (Cont...)

(Amount in Rs.)

<b>Previous Year</b>		
Standard asset		
Principle outstanding	-	-
Provisions	-	-
Sub-standard asset		
Principle outstanding	-	-
Provisions	-	-
Doubtful asset		
Principle outstanding	-	-
Provisions	-	-
Total		
Principle outstanding	-	-
Provisions	-	-
Less:		
Total		
EMI debtors/Pre EMI Interest	-	-
Provision on the above	-	-
Net balance		
Principle outstanding	-	-
Provisions	-	-

**30. Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7<sup>th</sup> April 2014 issued by NHB**

(Amount in Rs.)

	As at 31st March, 2018	As at 31st March, 2017
<b>Balance at the beginning of the year</b>		
a) Statutory reserve (As per Section 29C of the National Housing Bank Act, 1987)	1,005,469	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of statutory reserve under section 29C of the NHB Act, 1987	-	-



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7<sup>th</sup> April 2014 issued by NHB (cont...)

		(Amount in Rs.)
<b>Addition/Appropriation/withdrawals during the year</b>		
a) Statutory reserve (As per Section 29C of the National Housing Bank Act, 1987)	380,919	1,005,469
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of statutory reserve under section 29C of the NHB Act, 1987	-	-
<b>Less:</b>		
a) Statutory reserve (As per Section 29C of the National Housing Bank Act, 1987)	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of statutory reserve under section 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory reserve (As per Section 29C of the National Housing Bank Act, 1987)	1,386,388	1,005,469
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of statutory reserve under section 29C of the NHB Act, 1987	-	-
	1,386,388	1,005,469

**31. Operating leases:**

The Company has taken various offices on operating lease for the period which ranges 11 months 29 days to 108 months with an option to renew the lease by mutual consent on mutually agreeable terms. Gross rental expenses charged for the year ended 31st March, 2018 aggregated. Rs. 26, 77,811/- (PY Nil) which has been included under the head other expenses - Rent in the statement of profit and loss.

			(Amount in Rs.)
	For the year ended March 31, 2018	For the year ended March 31, 2017	
Within one year	1,752,097	-	
Later than one year but not later than five years	2,487,549	-	
Later than five years	-	-	



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**32. Details of dues to micro, small and medium enterprises:**

There is no amount due and payable to micro and small suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 at the end of the year. No interest has been paid/ is payable by the Company during/ for the year to these 'Suppliers'. The above information takes into account only those suppliers who have submitted their registration details or has responded to the inquiries made by the Company for this purpose.

**NHB Disclosures:**

**33. Disclosure pursuant to circular no. NHB/ND/DRS/POL-No.35/2010-11 dated October 11, 2010 and notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB.**

**I. Capital to risk asset ratio (CRAR)**

(Amount in Rs.)

	As at March 31, 2018	As at March 31, 2017
CRAR (%)	107.37%	2928475.00%
CRAR - Tier I Capital (%)	106.62%	2928475.00%
CRAR - Tier II Capital (%)	0.75%	0.00%

**II. Exposure to real estate sector**

	As at March 31, 2018	As at March 31, 2017
<b>Category</b>		
<b>a) Direct exposure</b>		
<b>(i) Residential mortgage:</b>		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;		
Housing Loan up to Rs. 15 Lakhs	512,196,067	-
Housing Loan more than Rs. 15 Lakhs	158,185,921	-



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

**NHB Disclosures (cont....)**

(Amount in Rs.)

<p><b>(ii) Commercial real estate:</b>  Lending secured by mortgages on commercial real estates (Office, building, retail space, multipurpose commercial premises, multi-family residential buildings, multi tenanted premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.). Exposure would also include non-fund based (NBF) limits.</p> <p><b>(iii) Investment in mortgage backed securities (MBS) and other securitized exposures:</b>  (a) Residential  (b) Commercial real estate</p>	-	-
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**b) Indirect exposure**

	As at March 31, 2018	As at March 31, 2017
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**III. Asset liability management**

**Maturity pattern of certain items of assets and liabilities - As at 31st March, 2018**

Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from Banks	837,408	-	-	-	-	-	-	-	-	-	-
Market borrowings	844,270	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances											
Investments	-	-	-	-	-	-	-	-	-	-	-
Loans	635,334	642,513	667,168	2,046,989	7,453,752	25,388,314	33,247,120	43,538,574	91,834,844	464,927,382	670,381,988



**KIFS Housing Finance Private Limited**  
*Notes to the financial statement for the year ended 31st March, 2018*

**Maturity pattern of certain items of assets and liabilities - As at 31st March, 2017**

Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 7 years	Over 7 year to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from Banks	-	-	-	-	-	-	-	-	-	-	-
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-



**KIFS Housing Finance Private Limited**  
**Notes to the financial statement for the year ended 31st March, 2018**

34. The previous year figures have been regrouped, wherever necessary to confirm the current presentation.

**For Manubhai Shah & LLP**

Chartered Accountants

Firm Registration No. 106041W/W100136



*Darshan Shah*

(Darshan Shah)

Partner

Membership No.131508

Place: Mumbai

Date: **15 JUN 2018**

For and on behalf of the Board of the directors of  
**KIFS Housing Finance Private Limited**

*Vimal P Khandwala*

(Vimal P Khandwala)

Director – DIN 00477768

*Padmanabh Vora*

(Padmanabh Vora)

Director – DIN 00477673

Place: Mumbai

Date:

*Swarnpal Singh Bais*

(Swarnpal Singh Bais)

Director – DIN 07966335

*Nutisha S Todi*

(Nutisha S Todi)

Company Secretary

M. No. ACS - 53809

