

KEN FINANCIAL SERVICES LIMITED

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your company's philosophy of Corporate Governance has evolved from its continued faith in fundamentals of fairness, accountability, disclosures and transparency. The Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in this competitive corporate world.

The governance practices followed by your company have played a vital role in its journey of continued success. All the procedures, policies and practices followed by your company are based on sound governance principles. Comprehensive disclosures, structured accountability in exercise of powers and commitment in compliance with regulations and statutes in letter as well as spirit have enabled your company to enhance shareholder value.

Your Company has complied with all regulation stipulated by the Clause 49 of the Listing Agreement. The Company's policies and practices cover most of the elements of the corporate governance voluntary guidelines, 2009 issued by the Ministry of Corporate Affairs.

2. BOARD OF DIRECTORS

(i) Composition of Board, Directorships and Committees position held in other Companies as at 31st March 2014.

a) Composition

Company's policy is to maintain optimum combination of executive and non executive Directors. The Board of Directors of the company is comprised of five directors of whom one is executive director and four are non executive independent directors.

Directors	Executive / Non-Executive/ Independent	No. of outside Directorship Held	Outside Committees#	
			As Chairman	As Member
Mr. Pramod Kumar Sharma	Executive Director	8	None	None
Mr. Manoj More	Non-Executive Independent Director	9	None	None
Mr. Dinesh Dhokar	Independent Director	1	None	None
Mr. Sunil Shivkumar Saini	Independent Director	0	None	None
Mr. Ronak Salecha	Independent Director	1	None	None

Only three Committees viz. Audit Committee, Shareholders' Grievance Committee and Remuneration committee are considered for this purpose.

b) Board Procedure

The Agenda is prepared in consultations with the Chairman of the Board of Directors and the Chairman of the other Committees. The Agenda for the meeting of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meetings.

Matter discussed at Board meeting generally related to company's investments and its performance, evaluation and advisability or otherwise their continuity, quarterly results of the company, review of reports of the audit committee and compliance with their recommendations, suggestions, new investments proposals, non compliance of any regulatory, statutory or listing requirements.

c) Attendances of Directors at meetings

4 Board Meetings were held at Mumbai during the year under review. The Board Meetings were held on 30th May, 2013, 14th August, 2013, 14th November, 2013 and 14th February, 2014. The maximum gap between two Board Meetings did not exceed the prescribed time in clause 49 of the Listing Agreement. The details of composition and category of directors, their Attendance at Board Meeting/ Annual General Meeting, other positions in Board/Committee of the Board are as under:

Name of Directors	No. of Board Meeting attended in F.Y. 2013-2014	Attendance AGM
Mr. Pramod Kumar Sharma	4	Yes
Mr. Manoj More	4	Yes
Mr. Dinesh Dhokar	4	Yes
Mr. Sunil Shivkumar Saini	4	Yes
Mr. Ronak Salecha	4	Yes

None of the Directors are nominee of any Institutions.

The Board of Directors meets atleast once in a quarter to review the quarterly financial results and operation of the company. In addition to the above, the Board also meets as and when necessary to address specific issue relating to the business.

3. AUDIT COMMITTEE

(i) Composition Name of Members and Chairman

The Audit Committee is comprised of one executive and one independent director. During the financial year ended 31.03.2014, four Committee Meetings were held on 30th May, 2013, 14th August, 2013, 14th November, 2013 & 14th February, 2014. The composition of the Audit Committee and the attendance of each Director at their meetings are as follows:-

Sr. No.	Members	Designation	Meetings attended
1	Mr. Manoj More	Chairman	Yes
2	Mr. Pramod Kumar Sharma	Member	Yes
3	Mr. Sunil Saini	Member	Yes

(ii) Terms of Reference

The Audit Committee has been mandated with the terms of reference as specified in Clause 49 of the Listing agreement with the Stock Exchange, Mumbai & enumerated in section 292A of the Companies Act, 1956. In Brief the powers and responsibilities are:

- Recommending the appointment / removal of Statutory Auditors, fixations of Auditors remunerations and also approval of payments for any other services
- Reviewing with management the financial statements before submission of the same to the Board
- Overseeing of Company's financial reporting process and disclosure of its financial information's to ensure that the financial statement is correct, sufficient and credible.
- Reviewing the adequacy of internal control systems & audit function in the company.
- Reviewing the company financial risk management policies.
- Discussing with Statutory Auditors, any significant finding in their reports and follow up thereon and reviewing the reports furnished by them

(iii) Invitee: (being entitled to attend as per relevant provisions of applicable laws/rules and/or as and when felt necessary)

(a) The Statutory Auditors viz. Motilal & Associates

(iv) The Chairman of the Audit Committee attended the Annual General Meeting held on 30th September, 2013 and provided clarifications to the members of the Company on the matters relating to Accounts and finance.

(v) An Audit Committee meeting was held on 30th May, 2013 where the Annual Financial Statements for the year ended 31st March, 2013 were reviewed and examined by the members of the Audit Committee before recommending the same to the Board of Directors for their perusal and adoption.

The Audit Committee reviewed the Quarterly / Half Yearly Un-Audited Financial Results on the following dates before recommending the same to the Board.

Financial Reporting	Date of Approval by Audit Committee
Quarter/Year ended 31 st March, 2013	30 th May, 2013
Quarter ended 30 th June, 2013	14 th August, 2013
Quarter/Half Year ended 30 th Sept. 2013	14 th November, 2013

4. REMUNERATION COMMITTEE

(i) Terms of Reference

The Company has constituted a Remuneration Committee to determine the remuneration payable to the Directors and to approve the selection, appointment and remuneration of relatives of Directors for holding an office of profit pursuant to section 314 of the Companies Act, 1956.

(ii) Remuneration Policy

The Company's remuneration policy aims to attract and retain talent and is in accordance with the industries practices. The policy ensures equity, fairness and consistency in rewarding the employees on the basis of performance against earmarked objectives.

The components of the total remuneration vary for different employee grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him.

5. SHAREHOLDERS COMMITTEE

- (i) The Company has a 'Share Transfer Committee' to approve transfer and transmission of securities, issue of duplicate certificates and deals with other Shareholder related issues headed by Mr. Pramod Kumar Sharma, Director of the Company. The Committee met twice during the year.
- (ii) The Company also has a 'Shareholders/Investors Grievance Committee' headed by Mr. Manoj More, a Non-Executive Independent Director to specifically look into redressing of Shareholders' and Investors' complaints.

Mr. Pramod Kumar Sharma has also been designated by the Board as the 'Compliance Officer' of the Company for complying with the requirements under the Listing Agreement with the Stock Exchange, Mumbai.

- (iii) Number of Shareholders' complaints received during the year : Nil
 Number not solved to the satisfaction of the Shareholders : Nil
 Number of pending share transfers : Nil

6. (i) DETAILS OF GENERAL MEETING

Financial	Date of the	Venue	Time
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Year	meeting		
2010-2011	30-09-2011	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	3.30 p.m.
2011-2012	28-09-2012	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	11.00 a.m.
2012-2013	30-09-2013	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	3.30 p.m.

All resolutions set out in the notices for the Annual General Meetings were passed by the shareholders at the respective meetings with requisite majority.

- (ii) No Postal Ballot was put through during the last year as well as year 2013-2014 and as of now there is no proposal pending for passing any resolution through Postal Ballot in the ensuing Annual General Meeting.

7. EXTRA ORDINARY GENERAL MEETING (EGM)

During the period no Extra – Ordinary General Meeting was held.

8. DISCLOSURES

Disclosure on materially significant related party transactions.	:	There were no materially significant related party transactions i.e. transactions of material nature with its promoters, directors or the management or relatives etc. during the year that may have potential conflict with the interests of the Company at large.
Details of Non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Market during last three years.	:	None
Secretarial Audit	:	Secretarial Audit was carried out by a practicing firm of Chartered Accountants/Company Secretaries to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total

		issued and listed capital. The audit confirms that the total issued/paid capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
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9. MEANS OF COMMUNICATION.

Half yearly report sent to each household of Shareholder	:	No
Financial Results	:	The financial results have been sent to the regional stock exchange on which the Company is listed in the prescribed format so as to enable the Stock Exchange to put them on their own web sites.
Whether Management Discussion and Analysis Report is a part of Annual Report or not	:	Yes

10. GENERAL SHAREHOLDERS INFORMATION

(i)	Next AGM:		
	Date	Time	Venue
	30-09-2014	3.30 p.m.	Sai Darshan, Plot No.97, Daulat Nagar, Road No.8, Borivali (E), Mumbai – 400066.
(ii)	Next Dates of Book Closure	:	27 th Sept. 2014 to 30 th Sept. 2014 (both days inclusive)
(iii)	Code of Conduct for Prevention of insider Trading: Pursuant to the requirements of SEBI (Prohibitions of insider Trading) Regulations, 1992, as amended, the Company has adopted a “Code of Conduct for Dealing in Securities”. The said Code of Conduct will be updated from time to time in line with the requirements of SEBI guidelines.		
(iv)	Dividend Payment Date	:	N.A.
(v)	Listing on Stock Exchanges	:	The Shares of the Company are listed at Bombay Stock Exchange Limited, Mumbai – 400 001.
(vi)	Stock Code	:	530547
(vii)	ISIN No. for the Company’s Equity Share in Demat Form	:	INE395E01018
(viii)	Depository Connectivity	:	National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd

		(CDSL)		
(ix)	Stock Market Data			
	Month	High	Low	Month Close
	April 2013	24.25	15.65	20.00
	May 2013	19.05	13.20	13.20
	June 2013	12.70	09.30	09.30
	July 2013	08.84	07.94	07.94
	August 2013	07.55	04.14	04.14
	September 2013	04.00	03.94	04.00
	October 2013	04.20	04.20	04.20
	November 2013	05.00	04.41	05.00
	December 2013	04.76	04.53	04.53
	January 2014	05.58	04.39	05.58
	February 2014	10.64	05.85	10.29
	March 2014	10.69	08.62	08.62
(x)	Registrar & Transfer Agents: The Company has appointed M/s. Purva Sharegistry (India) Private Limited as a common agency for share registry work (both physical & electronic) for all matters connected with transfers and transmission of shares and also dematerialization of shares and other related functions.			
(xi)	Share Transfer System: With a view to expedite the process of share transfers, the Board of Directors has delegated the power of share transfer to Share Transfer Committee of the Board, which meets as and when required. The shares for transfer received in physical mode by the Company, are transferred expeditiously and thereafter, option letter is sent to the transferee(s) for dematerialization, Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories, i.e. National Security Depository Limited (NSDL) and Central Depository Services (India) Limited within 7 days.			
(xii)	Registrar and Transfer Agent	M/s. Purva Sharegistry (India) Private Limited No.9, Shiv Shakti Industrial Estate, Ground Floor, J.R. Boricha Marg, Opp. Kasturba Hospital, Lower Parel, Mumbai – 400 011 Tel No. -22 2301 6761 / 2301 8261 Fax No. : 022 2301 2517 Contact Person: Mr. Rajesh Shah		

(xiii) **DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2014**

(a) According to Category holdings

Category	No. of Shareholders	% of total Shareholders	No. of Shares	% of shareholding
Promoters	1	00.17	41900	01.40
Person Acting in concert	0	00.00	0	00.00

FI(s) Bank & Mutual Fund	0	00.00	0	00.00
Individual/Indian Public	492	84.54	2078519	69.28
Corporate Bodies	38	06.53	694196	23.14
NRI/OCB	2	00.34	146	00.00
Clearing Members	2	00.34	7901	00.26
Hindu Undivided Family	47	08.08	177438	05.92
Total	582	100.00	3000100	100.00

(b) According to Number of Equity Shares

Nominal Value of Equity Shares held	No. of shareholders	% of total shareholders	No. of shares	% of shareholding
Upto 5000	315	54.12	62546	2.08
5001 to 10000	59	10.14	49954	1.67
10001 to 20000	46	7.90	73472	2.45
20001 to 30000	39	6.70	104956	3.50
30001 to 40000	17	2.92	60910	2.03
40001 to 50000	22	3.78	106733	3.56
50001 to 100000	31	5.33	244612	8.15
Above - 100001	53	9.11	2296917	76.56
Total	582	100.00	3000100	100.00

(xiv)	Dematerialization of Shareholding and liquidity	99.39% Company Equity Share's dematerialized as on 31/03/2014
(xv)	Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity	Not applicable
(xvi)	Plant Locations	Not Applicable.

11. AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:

The Auditors Certificate on compliance of clause 49 of the listing Agreement relating to Corporate Governance is published as an annexure to the Directors Report.

12. DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT:

The Board has formulated a code of conduct for the Board members of the Company. It is hereby affirmed that all the directors have complied with the code of conduct framed by the company and a confirmation to that effect has been obtained from the Directors of the Company.

13. REVIEW OF GOVERNANCE PRACTICES:

We have in this report attempted to present the governance practices and principles being followed at the Company, as evolved over the years, and as best suited to the needs of our business and stakeholders, Our discussion and governance practices are continually revisited, reviewed and revised to respond to dynamic needs of our business and ensure that our standards are at par with recognized practices of governance, so as to meet the expectations of our entire stakeholder.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted a “Code of Conduct” for all the Board members and senior management of the Company.

I confirm that Company has in respect of the financial year ended 31st March 2014, received from the Board Member & Senior Management personnel of the company a declaration of compliance with the “Code of Conduct” as applicable to them.

For And Behalf of the Board

Place: Mumbai
Dated: 30/05/2014

Sd/-
Pramod Sharma
(Din 01735201)
(Director)

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATE

I, Mr. Pramod Kumar Sharma, Chief Finance Officer and Director of the Company hereby certify that:

- a. I have reviewed the financial and cash flow statements for the year ended 31st March, 2014 and to the best of my 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. To the best of my knowledge and belief, no transactions entered into by the company during the year ended on 31st March, 2014 are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financing reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware, have been disclosed to the auditors and the Audit committee and steps have been taken to rectify these deficiencies.
- d.
 - i) There has not been any significant change in internal control over financial reporting during the year ended under reference.
 - ii) There has not been any significant change in Accounting Policies during the year; and
 - iii) Instances of significant fraud, if any of which we have become aware, and involvement therein, if any, of the management or an employee having a significant role in Companies internal control system over financial reporting shall be disclosed.

Date: 30/05/2014

Place: Mumbai

**Sd/-
Pramod Sharma
(Din 01735201)
Managing Director**

AUDITORS COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To the members of KEN FINANCIAL SERVICES LIMITED

We have reviewed the compliance of conditions of Corporate Governance by Ken Financial Services Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance in all material respect as stipulated in the above mentioned listing agreement.

We state that there are no investor grievance(s) pending for a period exceeding one month against the company as per the report given by the Registrars of the Company and placed before the Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Motilal & Associates
Chartered Accountants
Firm Reg. No. 106584W**

**Sd/-
(Motilal Jain)
Proprietor
Membership No. 036811**

**Place: Mumbai
Date: 30/05/2014**