

## 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 31<sup>st</sup> March 2015.**

##### 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 seven directors of whom four are executive directors and four are non executive independent directors.

Directors	Executive / Non-Executive/ Independent	No. of outside Directorship Held	Outside Committees#	
			As Chairman	As Member
Mr. Manoj More	*Non-Executive	7	None	None
Mr. Pramod Kumar Sharma	@Executive Director	8	None	None
Mr. Dinesh Dhokar	*Non-Executive	1	None	None
Mr. Sunil Shivkumar Saini	*Non-Executive	0	None	None
Mr. Ronak Salecha	*Non-Executive	1	None	None
Mr. Akash Swami	Executive	0	None	None
Mr. Mukesh	Executive	0	None	None
Mr. Sumit Gupta	Executive	0	None	None

\* Also Independent

@ upto 20-06-2014

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

Independent Director is defined as one who apart from receiving sitting fee as a Director, does not have any other material pecuniary relationship or transactions in his personal capacity with the Company, its promoters & management.

The Non-Executive Directors have no material pecuniary relationship or transactions in their personal capacity with the Company.

**(ii) Board Meetings:**

In financial year 2014-15, the Board met 5 times. The meetings were held on 30-05-2014, 20-06-2014, 14-08-2014, 14-11-2014 and on 14-02-2015.

Attendance of Directors in meetings held during the financial year 2014-2015.

<b>Name of Directors</b>	<b>No. of Board Meeting attended in F. Y. 2014-2015</b>	<b>Attendance AGM</b>
Mr. Manoj More	5	Yes
Mr. Pramod Kumar Sharma	1	
Mr. Dinesh Dhokar	5	Yes
Mr. Sunil Shivkumar Saini	5	Yes
Mr. Ronak Salecha	5	Yes
Mr. Akash Swami	3	Yes
Mr. Mukesh	3	Yes
Mr. Sumit Gupta	3	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) 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 177 of the Companies Act, 2013 and covers all the aspects stipulated by the SEBI Guidelines.

**(ii) Composition of the Committee:**

The Audit Committee was constituted on 30<sup>th</sup> May, 2014. The Audit Committee is comprised of three Directors. The composition of the Audit Committee is as follows:-

<b>Sr. No.</b>	<b>Name</b>
1	Mr. Manoj More
2	Mr. Dinesh Dhokar
3	Mr. Sunil Saini

(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 30<sup>th</sup> September, 2014 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 30<sup>th</sup> May, 2014 where the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2014 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.

<b>Financial Reporting</b>	<b>Date of Approval by Audit Committee</b>
Quarter/Year ended 31 <sup>st</sup> March, 2014	30 <sup>th</sup> May, 2014
Quarter ended 30 <sup>th</sup> June, 2014	14 <sup>th</sup> August, 2014
Quarter/Half Year ended 30 <sup>th</sup> Sept. 2014	14 <sup>th</sup> November, 2014
Quarter ended 31 <sup>st</sup> December, 2014	14 <sup>th</sup> February, 2015

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

In accordance with the provisions of Section 178 of the Companies Act, 2013 and requirements of Clause 49 of Listing Agreement, The Remuneration Committee was renamed and reconstituted as Nomination and Remuneration Committee by the Board of Directors at its Meeting held on 30<sup>th</sup> May, 2014 and adopted new terms of reference.

(i) Terms of Reference

The Company has reconstituted a Nomination and 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 188 of the Companies Act, 2013

(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

The Nomination and Remuneration Committee is comprised of three Non-executive independent Directors. During the financial year 2014-15, One Committee Meeting was held. The composition of the Nomination and Remuneration Committee is as follows:-

Sr. No	Members
1	Mr. Manoj More
2	Mr. Dinesh Dhokar
3	Mr. Sunil Saini

## 5. SHAREHOLDERS COMMITTEE

In accordance with the provisions of Section 178(5) of the Companies Act, 2013 and requirements of Clause 49 of Listing Agreement, The Shareholders Committee was renamed and reconstituted as Stakeholders Relationship Committee by the Board of Directors at its Meeting held on 02<sup>nd</sup> May, 2014 and adopted new terms of reference.

- (i) The Company has a 'Stakeholders Relationship Committee' to approve transfer and transmission of securities, issue of duplicate certificates, review of share dematerialization and rematerialization, monitoring the performance of company's Registrar and Transfer Agent and deals with other Shareholder related issues.
- (ii) The Committee headed by Mr. Sumit Gupta, Director to specifically look into redressing of Shareholders' and Investors' complaints. The Committee comprises of Two Non-executive and Independent Directors and One Executive Director, Details of composition are as under:

Sr. No	Members
1	Mr. Manoj More
2	Mr. Sunil Saini
3	Mr. Sumit Gupta

Mr. Sumit Gupta 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. WHISTLE BLOWER POLICY

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report violations of applicable laws and regulations and the Code of Conduct. The reportable matters may be disclosed to the Ethics and Compliance Task Force which operates under the supervision of the Audit Committee. Employees may also report to the Chairman of the

Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

## 7. (i) DETAILS OF GENERAL MEETING

AGM	Date of the meeting	Venue	Time
18 <sup>th</sup>	28-09-2012	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	11.00 a.m.
19 <sup>th</sup>	30-09-2013	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	3.30 p.m.
20 <sup>th</sup>	30-09-2014	Sai Darshan, Plot No. 97, Daulat Nagar Road No. 8, Borivali (E), Mumbai – 400066.	3.30 p.m.

- (ii) During the F.Y. 2014-15, no Extra-ordinary General Meeting of the members were 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
Reconciliation of Share Capital 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.

## 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.
Any website where displayed	:	www.ken-fin.com
Whether presentations made to institutional investors or to analyst	:	No request as such was received
Whether Management Discussion and Analysis Report is a part of Annual Report or not	:	Yes

## 10. GENERAL SHAREHOLDERS INFORMATION

(i)	<b>Next AGM:</b>		
	Date	Time	Venue
	30-09-2015	4.30 p.m.	302, 3 <sup>rd</sup> Floor, Standard House, 83, M K Road, Mumbai – 400 002.
(ii)	<b>Financial Calendar (tentative) for year 2015-16.</b>		
	Financial Reporting		Date of submission to stock exchange
	For the quarter ending	30 <sup>th</sup> June, 2015	4 <sup>th</sup> week of July, 2015
	For the quarter/half year ending	30 <sup>th</sup> Sept., 2015	4 <sup>th</sup> week of Oct, 2015
	For the quarter ending	31 <sup>st</sup> Dec., 2015	4 <sup>th</sup> week of Jan, 2016
	For the year ending	31 <sup>st</sup> March, 2016	4 <sup>th</sup> week of April, 2016
(ii)	Next Dates of Book Closure	:	26 <sup>th</sup> Sept. 2015 to 30 <sup>th</sup> Sept. 2015 (both days inclusive)
(iii)	<b>Code of Conduct for Prevention of insider Trading:</b> The Board of Directors has laid down the Code of Conduct applicable to all Board Members and Senior Executives of the Company. All Board Members have affirmed compliance of the Code of Conduct. A declaration by CEO/Director to this effect is given in this report.		
(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)	<b>Stock Market Data</b>			
	<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Month Close</b>
	April 2014	8.45	6.43	6.43
	May 2014	6.41	5.06	6.41
	June 2014	7.72	6.40	7.50
	July 2014	8.26	6.74	6.74
	August 2014	7.32	6.98	7.00
	September 2014	7.00	6.66	6.90
	October 2014	7.59	7.23	7.59
	November 2014	7.22	7.22	7.22
	December 2014	7.50	7.13	7.13
	January 2015	6.78	3.78	3.78
	February 2015	4.32	3.60	4.32
	March 2015	5.21	4.03	4.03
(x)	<b>Registrar &amp; Transfer Agents:</b> The Company has appointed M/s. Purva Shareregistry (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)	<b>Share Transfer System:</b> 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 Shareregistry (India) Private Limited Unit no. 9, Shiv Shakti Industrial Estate, Gr. Floor, J. R. Bhoricha Marg, Lower Parel, Mumbai – 400 011.		

(xiii) **DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2015**

(a) According to Category holdings

Category	No. of Shareholders	% of total Shareholders	No. of Shares	% of shareholding
Promoters	1	0.17	41900	1.40
Person Acting in concert	0	0	0	0.00
FI(s) Bank & Mutual Fund	0	0	0	0.00
Individual/Indian Public	496	85.52	2182726	72.76
Corporate Bodies	39	6.73	622648	20.75
NRI/OCB	1	0.17	57	0.00
Clearing Members	1	0.17	500	0.02
Hindu Undivided Family	42	7.24	152269	5.07
Total	580	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	325	56.03	65545	2.18
5001 to 10000	57	9.83	48519	1.62
10001 to 20000	48	8.28	75713	2.52
20001 to 30000	24	4.14	61134	2.04
30001 to 40000	19	3.28	68415	2.28
40001 to 50000	21	3.62	101423	3.38
50001 to 100000	28	4.83	213904	7.13
Above - 100001	58	10.00	2365447	78.85
Total	580	100.00	3000100	100.00

(xiv)	Dematerialization of Shareholding and liquidity	99.39% Company Equity Share's dematerialized as on 31-03-2015
(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 31<sup>st</sup> March 2015, 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<sup>th</sup> May 2015**

**Sumit Gupta**  
**DIN 06938413**  
**Director**

## **CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER CERTIFICATE**

I, Mr. Sumit Gupta, 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 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 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.

**Place: Mumbai**  
**Dated: 30<sup>th</sup> May 2015**

**Sumit Gupta**  
**DIN 06938413**  
**Director**

## **MANAGEMENT DISCUSSION AND ANALYSIS (MD&A):**

### **Overall Review**

The year under review was quite reasonable for the Company. Though the Company could not perform as expected, it has achieved better income from operation and reduced the net loss considerably during the year.

### **Industry Review**

The global economic conditions remained subdued during the previous year. There was volatile movement of prices in the commodity market. Even in India there were high inflation, higher interest rate and uncertain market condition. The Stock Market remain stable but the under current was weak because the Government at centre was short of majority number in the upper house. In spite of all, the new Government at Centre is doing reasonably well to bring the economy back on path of progress. The result of the reform process started by the Government will be seen in the years to follow.

### **Risk Management**

During the year your Company under its well planned and defined risk management policy gave attention to all the risk areas. The Board of Directors is apprised of the development in risk management in periodical meetings where the quarterly results are approved.

### **Safety, Health and Environment**

Your Company as a matter of policy gives greater importance to safety, health and environment and also ensures compliance with applicable legislative requirements.

### **Human Resources**

Your Company recognizes the importance of Human Resource in achieving its objectives and strategies as human resource plays an important role in the success and growth of Company. Your company gives priority in honing and utilizing their skills through in house training programs.

### **Internal Control System**

Your Company has a planned internal control system through internal checks and reviews it periodically to strengthen it and safeguard Company's assets. Management Information System is given utmost importance.

### **Cautionary Statement**

The report contains forward looking statements describing expectations, estimates, plans or words with similar meaning. Your Company's actual result may differ from those projected depending on various factor. Your Company cannot guarantee that the assumptions and estimates in the forward looking statements are accurate or will be realized.

## **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 31<sup>st</sup> March, 2015 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**

**Place: Mumbai  
Date: 30<sup>th</sup> May 2015**

**Motilal Jain  
Proprietor  
Membership No. 036811**