



Ken Financial Services Limited

**17TH Annual Report
2010 - 2011**

BOARD OF DIRECTORS

MR. PRAMOD SHARMA
Executive Director

MR. RUSHIKESH NARLAWAL
Non-Executive Director

MR. MANOJ MORE
Independent Director

MR. SHASHIKANT MODI
Independent Director

MR. SUNIL SHIVIKUMAR SAINI
Independent Director

MR. MANISH GOYAL
Independent Director

Auditors

Motilal & Associates

Chartered Accountants

Registered Office

302, Standard House,
83, M.K. Road, Marine Lines,
Mumbai - 400 002
Telefax : 022-2205 5456

Bankers

HDFC Bank
Axis Bank

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



17th ANNUAL REPORT

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DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 17th Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS:

Particular	Year ended 31 st March, 2011 Rupees	Year ended 31 st March, 2010 Rupees
Total Income From Operation	99,08,569	1,70,80,577
Less: Expenses	87,71,303	1,46,79,712
Profit / (Loss) before Depreciation	11,37,266	24,00,865
Less: Depreciation	2,74,309	2,81,790
Profit / (Loss) before Tax	8,62,957	21,19,075
Less: Provision for Taxation	3,71,100	3,25,000
Provision for Deferred Tax	56,478	4,656
Provision for Taxation (Earlier Year)	0	28483
Profit / (Loss) after Tax	4,35,379	17,60,936

DIVIDEND :

To deploy the resources in the more meaningful manner, your directors abstain from declaring any dividend for the year.

MANAGEMENT DISCUSSION AND ANALYSIS:**Company's Financial Review**

During the year under review, the income from operation of the Company is Rs. 99.09 Lakh as compared to Rs. 170.81 Lakh earned during the previous year and has earned profit after tax of Rs. 4.35 Lakh as compared to 17.61 Lakh earned during the previous year. Due to fluctuating market condition the Company's profit earning declined in comparison to previous year.

Industry Structure and Development

The global economic conditions remained subdued during the previous year. There was volatile movement of prices in the commodity market. However, increased liquidity in the developed economies is impacting sentiments and boosting consumption as well as investment. The situation is improving and we are hoping for good investment environment in the country. The company is trying to keep up with the pace of growth of the Indian market. The company is building various earning platform for the forthcoming year to come out with flying colour.

- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

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

Section 217(1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, require disclosure of the particulars regarding conservation of Energy and Technology absorption. The Company on a continuous basis undertakes program of conserving energy. The Company has also continued its efforts towards improving the efficiency of its operations.

PARTICULARS OF EMPLOYEES:

As there were no employees drawing remuneration more than the limit prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the employees) Rules 1975, as amended from time to time, statement under section 217(2A) is not annexed.

CORPORATE GOVERNANCE:

In terms of clause 49 of the Listing Agreement with the Stock Exchanges a report on the corporate Governance is appended as annexure to this report.

AUDITORS:

M/s Motilal & Associates, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and being eligible is appointed for the next year.

COMPLIANCE CERTIFICATE

A Certificate from the Auditors of the Company regarding Compliance of conditions of corporate *governance as stipulated* under clause 49 of the listing agreement is attached to this report.

DEMATERIALISATION

The Shares of the Company are traded compulsorily in demat form and are available for trading under both the Depository systems in India i.e. NSDL (National Securities Depository Limited and CDSL (Central Depository Service (India) Limited). Under the Depository system, the International Securities Identification Number (ISIN) allotted to the company's Equity Shares is INE 395E01018

ACKNOWLEDGEMENTS:

The Directors have pleasure to place on record their appreciation for the valuable co-operation and assistance by the Company's Bankers, Associates, Investors and Employees.

Directors and employees.

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CAUTIONARY STATEMENT

The statements in this report including Management's Discussion and Analysis report reflects Company's projections estimates, expectations or predictions and contain forward looking statements that involve risks and uncertainty. The Company and the Management shall not be held liable for any loss, which may arise as a result of any action taken on the basis of the information contained herein. Readers are cautioned not to place undue reliance on these forward looking statements that speak only of the expectations as on that date.

FOR AND ON BEHALF OF THE BOARD

Sd/-
DIRECTOR

Place: Mumbai
Date : 31-05-2011

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 2011.

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 Six directors of whom one is executive director and four are non executive independent directors and one Non-Executive Director .

Directors	Executive / Non-Executive/ Independent	No. of outside Directorship Held	Outside Committees#	
			As Chairman	As member
Mr. Pramod Kumar Sharma	Executive Director	1	None	1
Mr. Rushikesh Narlawar	Non-Executive Director	1	None	1
Mr. Manoj More	Independent Director	8	None	1
Mr. Shashikant Modi	Independent Director	0	None	None
Mr. Sunil Shivkumar Saini	Independent Director	1	None	None
Mr. Manish Kumar Goyal	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.

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c) Attendances of Directors at meetings

Attendance of Directors in meetings held during the financial year 2010-2011.

S. N.	Nature & date of meetings	Name of Directors						
		Pramod Kumar Sharma	Rushikesh Narlawar	Manoj More	Shashikant Modi	Sunil Shivkumar Saini	Manish Goyal	Sharad Gupta
1	Board on 14.05.2010	N.A.	N.A.	Present	Absent	Present	Present	Present
2	Board on 31.05.2010	N.A.	N.A.	Present	Present	Present	Present	Present
3	Board on 25.07.2010	N.A.	N.A.	Present	Present	Absent	Present	Present
4	Board on 30.07.2010	N.A.	Present	Present	Present	Present	Absent	Present
5	Board on 25.08.2010	N.A.	Present	Present	Present	Present	Present	Present
6	Board on 26.08.2010	Present	Present	Absent	Present	Present	Present	Present
7	Members on 30.09.2010	Present	Present	Present	Present	Present	Present	N.A.
8	Board on 30.10.2010	Present	Present	Present	Present	Present	Present	N.A.
9	Board on 28.01.2011	Present	Absent	Present	Present	Present	Present	N.A.
10	Board on 31.01.2011	Present	Present	Present	Present	Present	Present	N.A.

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 31.03.2011, four Committee Meetings were held on 25th May, 2010, 28th July, 2010, 27th October, 2010 & 28th January, 2011. The composition of the Audit Committee and the attendance of each Director at their meetings are as follows:-

S.N.	Members	Meetings attended
1	Mr. Pramod Kumar Sharma	Yes
2	Mr. Manoj More	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, 2010 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 25th May, 2010 where the Annual Financial Statements for the year ended 31st March, 2010 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, 2010	25 th May, 2010
Quarter ended 30 th June, 2010	28 th July, 2010
Quarter/Half Year ended 30 th Sept. 2010	27 th October, 2010
Quarter ended 31 st December, 2010	28 th January, 2011

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.

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	
	30-09-2011	3.30 p.m.	302 Standard House, 83 M.K Road, Mumbai-400002	
(ii)	Next Dates of Book Closure		28 th Sept. 2011 to 30 th Sept. 2011(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		28-09-2010	
(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 2010	131.40	58.40	115.95
	May 2010	110.20	62.75	72.65
	June 2010	101.40	68.00	83.45
	July 2010	126.75	80.00	115.25
	August 2010	120.65	67.85	68.10
	September 2010	90.90	65.50	85.00
	October 2010	116.90	84.00	107.95
	November 2010	114.00	97.00	111.65
	December 2010	167.75	109.00	161.60
	January 2011	161.45	100.75	110.15
	February 2011	106.00	76.00	88.00
	March 2011	88.00	60.00	62.00

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(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

(xii) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2011

(a) According to Category holdings

Category	No. of Shareholders	% of total Shareholders	No. of Shares	% of shareholding
Promoters	3	0.77	1595600	53.18
Person Acting in concert	0	0.00	0	0.00
FI(s) Bank & Mutual Fund	0	0.00	0	0.00
Individual/Indian Public	335	86.33	1062364	35.42
Corporate Bodies	48	12.37	326236	10.87
NRI/OCB	0	0.00	0	0.00
Clearing Members	2	0.53	15900	0.53
Venture Capital	0	0.00	0	0.00
Total	388	100.00	3000100	100.00

(b) According to Number of Equity Shares

No. of Equity Shares held	No. of Shareholders	% of total Shareholders	No. of Shares	% of shareholding
Upto 5000	350	90.20	308613	10.29
5001 to 10000	10	2.58	67756	2.26
10001 to 20000	7	1.80	106820	3.56
20001 to 30000	9	2.32	256000	8.53
30001 to 40000	0	0	0	0
40001 to 50000	6	1.55	291526	9.72
50001 to 100000	2	0.52	149995	5.00
Above - 100001	4	1.03	1819390	60.64
Total	388	100.00	3000100	100.00

(xiv)	Dematerialization of Shareholding and liquidity	97.13% Company Equity Share's dematerialized as on 31/03/2011
(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 2011, 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 ON BEHALF OF THE BOARD

Sd/-
DIRECTOR

Place: Mumbai
Date : 31-05-2011

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, 2011 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 were 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
FR No.:106584W

Sd/-
Motilal Jain
Proprietor
M. No.036811

Place : Mumbai
Dated: 31-05-2011

AUDITOR'S REPORT

To,
The Members of **Ken Financial Services Limited**

We have audited the attached Balance Sheet of **KEN FINANCIAL SERVICES LIMITED** as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibilities of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required, by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, We enclose in the annexure, a statement on the matters prescribed in paragraphs 4 and 5 of the said order to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph (2) above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 - iii) The said Balance sheet and Profit & Loss Account dealt by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting Standards referred to in sub-section (3C) of Section 211 of the Company Act, 1956; Except AS-15 on "Accounting of Retirement Benefit to Employees" which is on cash basis.
 - v) On the basis of the written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with and subject to notes thereon, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011 and;
 - b) In the case of Profit and Loss account of the Profit for the year ended on that date.
 - c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Motilal & Associates**
Chartered Accountants
FR No.:106584W

Place : Mumbai
Dated: 31-05-2011

Sd/-
Motilal Jain
Proprietor
M. No.036811

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Annexure Referred to in paragraph (2) of our report of even date on the accounts for the year ended 31st March, 2011 of KEN FINANCIAL SERVICES LIMITED.

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
(b) According to the information and explanation given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
(c) According to the information and explanation given to us, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- ii. (a) The stock in trade have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
(c) According to the information and explanations given to us the company is maintaining proper records of inventory and discrepancies found in physical verification have been properly dealt with in the accounts.
- iii. (a) The Company has not granted loan to any party listed in the register to be maintained under section 301 of the Companies Act, 1956. Therefore sub-clause (b), (c) and (d) to clause (iii) are not applicable to the Company.
(b) The Company has taken interest free loans from two parties listed in the register maintained under section 301 of the Act. The maximum amount taken Rs. 6,90,522/- and the year end balance were Rs. 5,90,522/- respectively.
(c) The loans taken are interest free. There is no stipulation as to the other terms and conditions, therefore we are unable to comment whether the loan taken are prima facie prejudicial to the interest of the company or not.
(d) As there is no stipulation as to the terms and conditions we are unable to comment on the regularity of the repayment of loan taken.
- iv. In our opinion and according to the explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit we have not observed any continuing failure to correct major weaknesses in internal control.
- v. In our opinion and according to the information and explanations given to us, the transactions of purchase of inventory in pursuance of contracts of arrangements entered in the register maintained under Section 301 of the Act, and aggregating during the year to Rs.5,00,000 or more in respect of each party have been made at the prevailing market prices at the relevant time.
- vi. As informed to us the company has not accepted any deposits from the public to which section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

- viii. As informed to us, the Central Government has not prescribed the maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956.
- ix. According to the records of the company and the information and explanations given to us, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty cess and other material statutory dues applicable to it, have been regularly deposited with the appropriate authorities. As explained to us, no undisputed amounts payable were outstanding for more than six months at the end of the accounting year from the date they become payable.
- x. As the Company has neither accumulated losses nor has incurred cash losses in the current year or immediately preceding financial year, no comment under this clause is required.
- xi. Based on our audit procedures and according to the information and explanations given to us, during the year, there are no dues from the bank or Financial Institution.
- xii. As informed to us, the company has not granted any loans and advances on the basis of security by way of pledge on any shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xiv. The Company is maintaining proper records of the transaction and contracts for purchases or sales of shares, securities, debentures and other investment, and the same is held by the company in its own name.
- xv. As informed to us, the Company has not given any guarantee for any loans taken by other from bank or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- xvi. On the basis of information and explanations given to us, the company has not obtained and / or applied any term loan during the year.
- xvii. On the basis of information and explanations given to us and on an overall examination of the Balance Sheet and the Cash Flow Statement of the Company, we report that no funds raised on short term basis have been used during the year for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year under review.
- xix. The Company has not issued any debentures during the year.
- xx. During the year under review, The Company has not raised any money by way of public issues. Hence the question of verification of end use of money raised in public issue as per the provision of clause 4(xx) of the companies (Auditor's Report) Order 2003 does not arise.
- xxi. On the basis of our examinations and according to the information and explanations given to us, no fraud/s on or by the Company has been noticed or reported during the course of the audit.

For Motilal & Associates
Chartered Accountants
FR No.:106584W

Sd/-
Motilal Jain
Proprietor
M. No.036811

BALANCE SHEET AS ON 31.03.2011

PARTICULARS	SCH. NO.	AS ON 31.03.2011	AS ON 31.03.2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
a) Equity Share Capital	"A"	30,001,000	30,001,000
b) Reserves & Surplus	"B"	18,366,787	17,931,409
II. LOAN FUNDS			
a) Unsecured loans	"C"	14,288,035	10,589,831
III Deferred Tax Liabilities			
		229,194	172,716
		62,885,016	58,694,956
APPLICATION OF FUNDS			
I. FIXED ASSETS			
a) Gross Block	"D"	4,186,813	3,991,897
b) Depreciation		2,499,956	2,375,019
c) Net Block		1,686,857	1,616,878
II. INVESTMENTS			
	"E"	1,800,000	106,105
III. CURRENT ASSETS, LOANS AND ADVANCES			
a) Stock in Trade	"F"	-	759,387
b) Sundry Debtors	"G"	8,554,490	5,243,515
c) Cash and Bank Balances	"H"	2,442,053	14,789,309
d) Loans and Advances	"I"	53,507,021	40,588,099
TOTAL CURRENT ASSETS		64,503,564	61,380,310
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	"J"	3,651,805	3,325,837
b) Provisions	"K"	1,453,600	1,082,500
		5,105,405	4,408,337
NET CURRENT ASSETS		59,398,159	56,971,973
		62,885,016	58,694,956
Notes to the Accounts	"Q"		

AS PER OUR REPORT OF EVEN DATE

For **Motilal & Associates**
Chartered Accountants
FR No. 106584W

For **Ken Financial Services Ltd.**

Sd/-
Motilal Jain
Proprietor
M No. 036811

Sd/-
(Manoj More)
Director

Sd/-
(Pranod Sharma)
Director

Place : Mumbai
Dated: 31-05-2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

PARTICULARS	SCH. NO.	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
INCOME FROM OPERATIONS			
a) Sales and Services	"L"	10,667,956	17,458,988
b) Increase/(Decrease) in Stock	"M"	(759,387)	(378,412)
		9,908,569	17,080,577
EXPENDITURE			
a) Purchases & Works Expenses	"N"	6,759,432	10,401,007
b) Administrative & Other Expenses	"O"	1,902,156	4,197,554
c) Selling & Distribution Expenses	"P"	109,715	81,150
d) Depreciation	"D"	274,309	281,790
		9,045,612	14,961,501
PROFIT FOR THE YEAR			
Less : Provision for Taxation		862,957	2,119,075
Less : Provision for Deferred Tax		371,100	325,000
Less : Income Tax for Earlier Years		56,478	4,656
		-	28,483
		435,379	1,760,936
Add : Balance brought forward		17,931,409	17,919,663
PROFIT AVAILABLE FOR APPROPRIATION		18,366,787	19,680,599
Less: Proposed Dividend		-	1,500,050
Less: Dividend Distribution Tax		-	249,140
		18,366,787	17,931,409
BALANCE CARRIED TO BALANCE SHEET			
Notes to the Accounts	"Q"		
Earning Per Share		0.15	0.59

AS PER OUR REPORT OF EVEN DATE

For **Motilal & Associates**
Chartered Accountants
FR No. 106584W

For **Ken Financial Services Ltd.**

Sd/-
Motilal Jain
Proprietor
M No. 036811

Sd/-
(Manoj More)
Director

Sd/-
(Pranod Sharma)
Director

Place : Mumbai
Dated: 31-05-2011

Annual Report 2010-2011

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE - "A"		
EQUITY SHARE CAPITAL		
AUTHORISED SHARE CAPITAL 3250000 Equity Shares of Rs. 10/- each. (Previous year 3250000 Equity Shares of Rs. 10/- Each)	32,500,000	32,500,000
	<u>32,500,000</u>	<u>32,500,000</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL 3000100 Equity Shares of Rs. 10/- each fully paid up, (Previous year 3000100 equity shares of Rs. 10/- each fully paid up)	30,001,000	30,001,000
	<u>30,001,000</u>	<u>30,001,000</u>
SCHEDULE - "B"		
RESERVES AND SURPLUS		
Profit and Loss Account	18,366,787	17,931,409
	<u>18,366,787</u>	<u>17,931,409</u>
SCHEDULE - "C"		
UNSECURED LOANS		
From Directors	590,522	690,522
From Body Corporates	13,697,513	9,899,309
	<u>14,288,035</u>	<u>10,589,831</u>
SCHEDULE - "E"		
INVESTMENTS		
Investment in Shares:		
Quoted (At Cost)	1,800,000	96,105
Unquoted (At Cost)	-	10,000
	<u>1,800,000</u>	<u>106,105</u>
SCHEDULE - "F"		
INVENTORIES		
(As taken valued and certified by the management)		
Raw-Material	-	528,845
Finished goods	-	230,542
	<u>-</u>	<u>759,387</u>
SCHEDULE - "G"		
SUNDRY DEBTORS		
(Unsecured considered good)		
Debts outstanding for a period exceeding six months	1,073,563	840,156
Other Debts	7,480,927	4,403,359
	<u>8,554,490</u>	<u>5,243,515</u>
SCHEDULE - "H"		
CASH AND BANK BALANCES		
Cash in Hand	2,395,156	3,205,184
Balances with Scheduled Banks	46,896	11,584,125
- in Current Account	<u>2,442,053</u>	<u>14,789,309</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE "D" OF FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION			NET BLOCK			
	01/04/2010	Addition	31/03/2011	UP TO 31/03/2010	FOR THE YEAR	DEDUCTION	TOTAL	31/03/2011	3/31/2010
Furniture & Fixtures	1769906	0	1738225	1524619	110529	7528	1627620	110605	245287
Office Equipment	633851	0	633851	428859	30108	0	458967	174884	204992
Electrical Installation	142611	0	142611	78427	6774	0	85201	57410	64184
Computers	633916	987360	1621276	207935	115474	0	323409	1297867	425981
Plant and Machinery	811613	0	50850	135178	11424	141843	4759	46091	676435
TOTAL	3991897	987360	4186813	2375018	274309	149371	2499956	1686857	1616879

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SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE - "I"		
LOANS AND ADVANCES		
(Unsecured considered good)		
Advance recoverable in cash or kind or for value to be received	51,266,840	22,770,804
Advance Tax and TDS	1,254,108	861,670
Deposits	986,073	16,955,625
	<u>53,507,021</u>	<u>40,588,099</u>
SCHEDULE - "J"		
CURRENT LIABILITIES		
Sundry Creditors	3,208,559	394,995
- For Goods and Others	59,672	42,472
- For Expenses	383,573	2,888,370
Other Current Liabilities		
	<u>3,651,805</u>	<u>3,325,837</u>
SCHEDULE - "K"		
PROVISIONS		
Provision for Tax	1,411,100	1,040,000
Provision for Fringe Benefit Tax	42,500	42,500
	<u>1,453,600</u>	<u>1,082,500</u>
SCHEDULE - "L"		
SALES AND OTHER SERVICES		
Sales and Services -	8,111,601	13,805,546
Profit from Speculative Activities	1,344,028	2,112,274
Other Income	1,212,327	1,541,169
	<u>10,667,956</u>	<u>17,458,988</u>
SCHEDULE - "M"		
INCREASE/(DECREASE) IN STOCK		
Closing Stock	-	759,387
Less : Opening Stock	759,387	1,137,799
	<u>(759,387)</u>	<u>(378,412)</u>
SCHEDULE - "N"		
PURCHASES AND WORKS EXPENSES		
Raw-Material Consumed	6,204,630	9,966,682
Packing Material	60,118	30,244
Salaries and Wages	361,970	217,305
Power Charges	3,879	24,276
Machine Maintenance Expenses	83,235	14,700
Factory Rent	45,600	147,800
	<u>6,759,432</u>	<u>10,401,007</u>

SCHEDULES FORMING PART OF BALANCE SHEET

PARTICULARS	AS ON 31.03.2011	AS ON 31.03.2010
SCHEDULE - "O"		
ADMINISTRATIVE AND OTHER EXPENSES		
Salary and Staff Welfare Expenses	917,820	2,821,593
Membership and Subscription	82,616	10,000
Rent Charges	31,500	157,500
Conveyance and Travelling Expenses	31,476	52,209
Bank Charges	18,591	21,649
Printing and Stationary Expenses	35,038	32,434
BSE Revocation Fees	-	44,719
Telephone Expenses	133,254	558,720
Electricity Expenses	40,639	230,131
Office Expenses	162,240	161,982
Computer Expenses	-	58,130
Donation	27,000	25,200
Payment to Auditors	10,000	10,000
Loss on Sales of Fixed Asset	411,962	-
Sundry Balance Written off	20	13,287
	1,902,156	4,197,554
SCHEDULE - "P"		
SELLING AND DISTRIBUTION EXPENSES		
Transportation Expenses	74,210	81,150
Sales Promotion Expenses	35,505	-
	109,715	81,150

SCHEDULE "Q"

Accounting policies and Notes forming part of the Accounts for the year ended on 31st March 2011

A). Statement on significant Accounting Policies:

a) Basis of Accounting

The Financial Statements are prepared under the historical cost convention and on accrual basis except those stated at revalued amount on the going concern basis.

b) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for their intended use.

c) Depreciation:

Depreciation on fixed assets has been provided under the straight line method at the rates and in the manner provided by Schedule XIV to the Companies Act, 1956.

d) Revenue Recognition

Revenue is recognized only when it is reasonably certain that the ultimate collection will be made.

e) Retirement Benefits

The Company follows the policy of accounting for the same only on crystallization of the liability.

f) Provision for Current and Deferred Tax

Provision for Current tax is made after taking into consideration benefits admissible under the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

g) Expenses

Material known liabilities are provided for on the basis of available information / estimates. Material items of prior period expenses, non-recurring and extra ordinary expenses are disclosed separately.

B) Notes of Accounts :

- 1 There were no contingent liabilities as at 31st March, 2011. (Previous Year Rs. Nil).
- 2 The Company has neither earned nor incurred any amount in foreign currency during the year (Previous Year Rs. Nil).
- 3 In the opinion of the Board, the Current Assets and Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount considered necessary.
- 4 The balances of Sundry Debtors, Sundry Creditors, deposits and advances with various parties are subject to confirmation and reconciliation, if any.
- 5 DEFERED TAXATION :

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by ICAI, the Company has accounted for deferred taxes during the year.

Major components of deferred tax are as under:

Description	FY 2010-11(Rs.)	FY 2009-10(Rs.)
Opening Deferred Tax Liabilities	172716	168060
Deferred Tax Liabilities on account of difference in depreciation as per Companies Act and as per Income Tax Act	56478	4656
Closing Deferred Tax Liabilities	<u>229194</u>	<u>172716</u>

6. Earning Per Share:

	FY 2010-2011 (Rs.)	FY 2009-2010 (Rs.)
Net Profit/(Loss) after tax	435379	1760936
Weighted average number of Shares outstanding	3000100	3000100
EPS	0.15	0.59

7. Segment information required to be disclosed in accordance with Accounting Standard 17 (AS-17) relating to Segment Reporting is attached with report.

8. Payment to Auditors

	FY 2010-2011 (Rs.)	FY 2009-2010 (Rs.)
Audit & Tax Audit Fees	10,000	10,000

9. The previous year's figures have been regrouped and/or rearranged wherever found necessary.

10. Figures are rounded off to nearest rupee.

11. Related parties disclosures:

(A) Related parties with whom transaction have taken place during the year:

(i) Key Management Personnel :	Mr. Pramod Sharma	Executive Director
	Mr. Rushikesh Narlawar	Non-Executive Director
	Mr. Manoj More	Independent Director
	Mr. Shashikant Modi	Independent Director
	Mr. Sunil Shivkumar Saini	Independent Director
	Mr. Manish Kumar Goyal	Independent Director

(ii) Relative of Key Management Personnel: Mr. Pawan Chaudhary

(B) Transaction carried out with related parties referred in A above, in ordinary course of Business : There was no transaction with related party during the year.

12. In view of wide-ranging quality and size of fabric elastic, separate disclosure of quantities of individual item has not been given as considered not practicable by the management.

AS PER OUR REPORT OF EVEN DATE

For **Motilal & Associates**
Chartered Accountants
FR No. 106584W

For **Ken Financial Services Ltd.**

Sd/-
Motilal Jain
Proprietor
M No. 036811

Sd/-
(Manoj More)
Director

Sd/-
(Pramod Sharma)
Director

Place : Mumbai
Dated: 31-05-2011

Annual Report 2010-2011

Segment Report for the year ended 31st March 2011

PARTICULARS	SEGMENTS			CONSOLIDATED TOTAL
	Textiles	Commodity	Financial Activities & Others	
I) Segment Revenue Sales Sales and Services	8111601	1358713	1197642	10667956
Total Revenue	8111601	1358713	1197642	10667956
II) Segment Results Operating Net Profit	(293323)	666097	764491	1137265
III) Segment Assets	8562090	29994382	29433949	67990421
Total Assets	8562090	29994382	29433949	67990421
IV) Segment Liabilities	2303629	59203	1288972	3651805
Total Liabilities	2303629	59203	1288972	3651805
V) Capital Expenditure During the year	0	0	987360	987360
VI) Depreciation During the year	9509	57628	207172	274309

**KEN FINANCIAL SERVICES LIMITED****Cash Flow Statement for the Financial Year 2010-2011**

PARTICULARS	AS ON 31.03.2011 Amount In Rs.	AS ON 31 .03.2010 Amount In Rs.
A. Cash Flow from Operating Activities		
Net profit before Taxation and extra ordinary item	862,957	2,119,075
Adjustment from:		
Depreciation	274,309	281,790
Loss on Sale of Fixed Assets	411,962	-
Operating profit before working capital chnges	<u>1,549,228</u>	<u>2,400,865</u>
Decrease/(Increase) in Stock in Trade	759,387	378,412
Decrease/(Increase) in Sundry Debtors	(3,310,975)	(1,338,088)
Decrease/(Increase) in Loans & Advances	(13,185,002)	5,476,160
(Decrease)/Increase in Current Liabilities	1,826,018	(4,342,952)
Cash Generated from Operation	<u>(12,361,344)</u>	<u>2,574,398</u>
Tax paid	266,080	64,767
Cash Flow before Extra Ordinary items	<u>(12,095,264)</u>	<u>2,639,165</u>
Foreign Exchange Loss	-	-
Prior period adjustment	-	-
Net Cash Flow from Operating activities	(12,095,264)	2,639,165
B. Cash Flow from Investing activities		
Purchase of Fixed Assets	(987,360)	(139,650)
Sale of Fixed Assets	231,111	-
Purchases of Investment	(1,800,000)	10,000,000
Sale of Investment/(Purchases of Investment	106,105	-
Conversion of Investment in Stock in Trade	-	-
Dividend	-	-
Net Cash Flow from Investing activities	(2,450,145)	9,860,350
C. Cash Flow from financing activities		
Increase/(Decrease) in Long-term borrowings	3,698,204	424,309
Interest paid	-	-
Dividend paid	(1,500,050)	-
Net Cash Flow from Financing activities	2,198,154	424,309
Net increase in cash and cash equivalents	(12,347,256)	12,923,824
Cash and cash equivalents at beginning of year	14,789,309	1,865,485
Cash and cash equivalents at end of year	<u>2,442,053</u>	<u>14,789,309</u>

AS PER OUR REPORT OF EVEN DATE

For **Motilal & Associates**
Chartered Accountants
FR No. 106584W

For Ken Financial Services Ltd.

Sd/-
Motilal Jain
Proprietor
M No. 036811

Sd/-
(Manoj More)
Director

Sd/-
(Prmod Sharma)
Director

Place : Mumbai
Dated: 31-05-2011

Annual Report 2010-2011

Balance Sheet abstract and Company's general business profile as required by the part IV of Schedule VI of the Companies Act, 1956

I.	REGISTRATION DETAILS	78898
	A. REGISTRATION NO.	11
	B. STATE CODE	31-03-2011
	C. BALANCE SHEET DATE	
II.	CAPITAL RAISED DURING THE YEAR (In Thousands)	
	PUBLIC ISSUE	NIL
	RIGHT ISSUE	NIL
	BONUS ISSUE	NIL
	PRIVATE PLACEMENT	NIL
III.	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS(In Thousands)	
	TOTAL LIABILITIES	62885
	TOTAL ASSETS	62885
	SOURCES OF FUNDS	
	PAID UP CAPITAL	30001
	RESERVES & SURPLUS	18367
	SECURED LOANS	NIL
	UNSECURED LOANS	14288
	DEFERRED TAX LIABILITY	229
	APPLICATION OF FUNDS	
	NET FIXED ASSETS	1687
	INVESTMENTS	1800
	NET CURRENT ASSETS	59398
	MISCELLANEOUS EXPENDITURE	NIL
	ACCUMULATED LOSSES	NIL
IV.	PERFORMANCE OF THE COMPANY (In Thousands)	
	TOTAL INCOME	9909
	TOTAL EXPENDITURE	9046
	PROFIT/LOSS BEFORE TAX	863
	PROFIT/LOSS AFTER TAX	435
	EARNING PER SHARE (Rs.)	0.15
	DIVIDEND	NIL
V.	GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES(As per monetary terms)	
	ITEM CODE NO. (ITC CODE)	N.A.
	PRODUCT DESCRIPTION	N.A.

For Ken Financial Services Ltd.

Sd/-
(Manoj More)
Director

Sd/-
(Pranod Sharma)
Director

Place : Mumbai
Dated: 31-05-2011



KEN FINANCIAL SERVICES LTD.

Registered office : 302, Standard House,
83, M. K. Road, Mumbai - 400002.

ATTENDANCE SLIP

(Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at 302, Standard House, 83, M. K. Road, Mumbai - 400002.
on 30th September, 2011 at 3.30 P.M.

Name of the Shareholder _____
(in block letters)

Affix
Rs. 1.00 Revenue Stamp

Folio No. _____ No. of Shares held _____

Signature of the Share Holder / Proxy

Note : The Proxy duly completed must be deposited at the Registered Office of the Company
not less than 48 hours before time for holding the meeting

Name of Shareholder (s)	Folio No. No. of Shares :
DP - ID No.	Client - ID No.

KEN FINANCIAL SERVICES LTD.

Registered office : 302, Standard House,
83, M. K. Road, Mumbai - 400002.

ATTENDANCE SLIP

NAME AND ADDRESS OF SHAREHOLDER	FOLIO NO :
No. of Shares :	DP - ID No Client ID No.

I/We hereby record my / our attendance at the Annual General Meeting to be held at 3.30 P.M.
on 30th September, 2011 at the Registered office of the Company



If undelivered please return to :

Ken Financial Services Limited

302, STANDARD HOUSE,
83, M. K. ROAD, MUMBAI - 400 002.
TELEFAX : 022-2205 5456