



# **Ken Financial Services Limited**

**18<sup>Th</sup> Annual Report**

**2011-2012**

## NOTICE

NOTICE is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of M/s Ken Financial Services Limited will be held at Registered Office of the Company at Sai Darshan, Plot No. 97, Daulat Nagar, Road No. 8, Borivali (East), Mumbai – 400 066 on 28<sup>th</sup> September 2012 , at 11.00 A.M. to transact the following business: -

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and Statement of Profit and Loss for the period ended on that date together with the Director's Report and Auditor's Report thereon.
2. To appoint a director in place of Mr. Ronak Salecha, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint a director in place of Mr. Dinesh Dhokar, who retires by rotation and being eligible, offers him-self for re-appointment.
4. To consider and if thought fit, to pass with or without modifications, if any the following as an ordinary resolution :

“**RESOLVED THAT** pursuant to provisions of section 224, 225 and other applicable provisions, if any, of the companies act, 1956, M/s Motilal & Associates, Chartered Accountants, Mumbai be and hereby appointed as statutory auditors of the company to hold office from the conclusion of this Annual General Meeting up-to the conclusion of next Annual General Meeting of the company on such remuneration as may be fixed by the board of directors of the company.

5. To do any other business with permission of their chair.

Registered Office:  
Sai Darshan, Plot No. 97,  
Daulat Nagar, Road No. 8,  
Borivali (East),  
Mumbai – 400 066

By order of the Board of Directors

Sd/-

Place: Mumbai  
Date: 03/09/2012

DIRECTOR

## NOTES

1. A MEMBER IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, in order to be effective, should be duly completed, stamped, signed and must be deposited at the registered office of the Company not less than 48 hours before the meeting.

2. The Register of Members and Share Transfer Books shall remain closed from Wednesday, the 20<sup>th</sup> September 2012 to Friday the 28<sup>th</sup> September 2012 (both Days inclusive) in connection with ensuing Annual General Meeting.
3. Members holding shares in physical form are requested to inform the company / registrar and Share Transfer Agents of any change in their addresses immediately for future communication at their correct addresses and members holding shares in demat form are requested to notify to their Depository Participants.
4. Members holding shares in identical order of names in more than one folio are requested to write to the company's share transfer agent to enable them to consolidate their holdings into one folio.
5. Members are requested to intimate immediately, any change in their address to Company's Registrar & Share Transfer Agency, Purva Sharegistry (India) Pvt. Ltd., No.9 Shiv Shakti Industrial Estate, Ground Floor, J. R. Boricha Marg, Lower Parel (East), Mumbai – 400 011. Tel No. 022-2301 6761
6. Members are requested to bring their copies of Annual Reports to the Meeting.
7. Members desirous of raising queries at the AGM are request to send their questions so as to reach the Company's Registered Office at least seven days in advance before the AGM so that the same can be adequately replied.
8. Members are requested to quote their folio numbers / DP ID and Client ID numbers in all correspondence with the company and the registrar and the share transfer agent.
9. Documents referred to in the accompanying Notice are available for inspection at the registered office of the company on working days between 11.00 A.M. to 2.00 P.M. prior to the Annual General Meeting.

10. Members desirous of obtaining any information / clarification (s) concerning the accounts and operations of the company or intending to raise any query are requested to forward the same at least 10 days before the date of meeting.

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Borivali (East),  
Mumbai – 400 066

By order of the Board of Directors

Sd/-

Place: Mumbai  
Date: 03/09/2012

DIRECTOR

INFORMATION TO BE FURNISHED UNDER THE LISTING AGREEMENT  
(Pursuant to Clause 49 of the Listing Agreement)

Additional information of Directors seeking reappointed at the Annual General Meeting

Name	Mr. Dinesh S Dhokar	Mr. Ronak H Salecha
Date Of Birth	16.07.1968	07.07.1992
Qualification	Graduate	Matriculation
Experience	He possesses more than five years of experience in the financial field.	He possesses one year of experience in the industry.
Shareholding	NIL	NIL

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2012.

### FINANCIAL RESULTS:

Particular	Year ended 31 <sup>st</sup> March, 2012 Rupees	Year ended 31 <sup>st</sup> March, 2011 Rupees
Total Income / (Loss) From Operation	(6,80,691)	99,08,569
Less: Expenses	3,33,509	87,71,303
Profit / (Loss) before Depreciation	(10,14,200)	11,37,266
Less: Depreciation	3,25,849	2,74,309
Profit / (Loss) before Tax	(13,40,049)	8,62,957
Less: Provision for Taxation	NIL	3,71,100
Provision for Deferred Tax	59,613	56,478
Profit / (Loss) after Tax	(13,99,662)	4,35,379

### 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 company has suffered loss from operation of the Company is Rs. 6.80 Lakh as compared to Rs. 99.09 Lakh income earned during the previous year. Due to fluctuating market condition the Company suffered loss, however the Directors are hopeful of even better performance in the future.

#### **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.

## **Resources & Liquidity**

Company has invested the liquid resources in Inter Corporate Deposits to earn interest income wherever it was considered appropriate.

## **Risk, Internal Control System and Adequacy**

The company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by the management and well documented policies and guidelines to ensure the reliability of financial and all other records to prepare financial statements. The company continuously upgrades these systems in line with best accounting practices. The company is benefited from having a team of professionals as promoter and independent directors, who are capable of exercising various checks and control effectively.

## **Environment, Health and Safety**

Environment, Health and Safety (EHS) is one of the primary values of your company. Your company's EHS policy is to consider compliance to statutory EHS requirements as the minimum performance standard and is committed to go beyond and adopt stricter standards wherever appropriate. Your company also gives priority and attention to the health and safety of its employees and trains all the employees to work as per prescribed procedures designated to meet all EHS requirements.

## **Human Resource Development**

Human Resource is one of the key assets that has been nurtured and encouraged for active participation in company's growth. The company has well defined appraisal system in pace for recognition of talented and deserving employees, whose includes line and staff function personal. The industrial relations remained cordial during the year. The company has never faced any staff unrest or any discomfort in relations with its staff due to the professional approach of the management towards this factor.

## **DEPOSITS:**

The company has not accepted any fixed deposit from the public within the meaning of Section 58A of Companies Act, 1956 and the rules made there under.

## **DIRECTORATE:**

In Accordance with Articles of Associations of the Company Mr. Ronak Salecha and Mr. Dinesh Dhokar, Directors of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

Mr. Manish Kumar Goyal and Mr. Shashikant Modi retired as a Director on July 16, 2011 the Board wishes to place on record its appreciation for his valuable contribution during his association with the Company.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

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

- i) in the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956 have been followed and no material departures from the same;
- 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, 2012 and of the loss 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:**

The companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 requires disclosures of particulars regarding conservation of energy in form A and Technology Absorption in form B. The Company has not carried out any manufacturing activity, therefore form A and B are not applicable to the Company.

### **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.

## **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

Place: Mumbai  
Date : 03-09-2012

Sd/-

DIRECTOR



## **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 2012.**

##### **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. Dinesh Dhokar	Independent Director	0	None	None
Mr. Sunil Shivkumar Saini	Independent Director	1	None	None
Mr. Ronak Salecha	Independent Director	0	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

5 Board Meetings were held at Mumbai during the year under review. The Board Meetings were held on 31st May, 2011, 30<sup>th</sup> July, 2011, 31st October, 2011 and 13th February, 2012. 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. 2011-2012	Attendance AGM
Mr. Pramod Kumar Sharma	5	Yes
Mr. Rushikesh Narlawar	4	Yes
Mr. Manoj More	5	Yes
Mr. Dinesh Dhokar	4	Yes
Mr. Sunil Shivkumar Saini	5	Yes
Mr. Ronak Salecha	4	Yes
Mr. Shashikant Modi	2	No
Mr. Manish Goyal	2	No

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 31.03.2012, four Committee Meetings were held on 25<sup>th</sup> May, 2011, 28<sup>th</sup>

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, 2011	25 <sup>th</sup> May, 2011
Quarter ended 30 <sup>th</sup> June, 2011	28 <sup>th</sup> July, 2011
Quarter/Half Year ended 30 <sup>th</sup> Sept. 2011	27 <sup>th</sup> October, 2011
Quarter ended 31 <sup>st</sup> December, 2011	9 <sup>th</sup> February, 2012

#### **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

July, 2011, 27<sup>th</sup> October, 2011 & 9<sup>th</sup> February, 2012. 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 30<sup>th</sup> September, 2011 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 25<sup>th</sup> May, 2011 where the Annual Financial Statements for the year ended 31<sup>st</sup> March, 2011 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.

## 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)	<b>Next AGM:</b>		
	Date	Time	Venue
	28-09-2012	11.00 a.m.	Sai Darshan, Plot No.97, Daulat Nagar, Road No.8, Borivali (E), Mumbai - 400066
(ii)	Next Dates of Book Closure	:	26 <sup>th</sup> Sept. 2012 to 28 <sup>th</sup> Sept. 2012 (both days inclusive)
(iii)	<b>Code of Conduct for Prevention of insider Trading:</b>  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)

**6. (i) DETAILS OF GENERAL MEETING**

Financial Year	Date of the meeting	Venue	Time
2008-2009	30-09-2009	302, Standard House, 83, M. K. Road, Mumbai – 400002.	3.30 p.m.
2009-2010	30-09-2010	302, Standard House, 83, M. K. Road, Mumbai – 400002.	3.30 p.m.
2010-2011	30-09-2011	302, Standard House, 83, M. K. Road, Mumbai – 400002.	3.30 p.m.

All special 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 2010-2011 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 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.

**(xiii) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2012****(a) According to Category holdings**

Category	No. of Shareholders	% of total Shareholders	No. of Shares	% of shareholding
Promoters	3	0.64	636972	21.23
Person Acting in concert	0	0.00	0	0.00
FI(s) Bank & Mutual Fund	0	0.00	0	0.00
Individual/Indian Public	387	82.52	1669777	55.66
Corporate Bodies	38	8.10	569198	18.97
NRI/OCB	1	0.21	10	0.00
Clearing Members	5	1.06	22454	0.75
Hindu Undivided Family	35	7.47	101689	3.39
Total	469	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	255	54.37	51509	1.72
5001 to 10000	48	10.23	40490	1.35
10001 to 20000	35	7.46	56829	1.89
20001 to 30000	22	4.69	60467	2.02
30001 to 40000	11	2.35	40622	1.35
40001 to 50000	27	5.76	131346	4.38
50001 to 100000	21	4.48	158375	5.28
Above - 100001	50	10.66	2460462	82.01
Total	469	100.00	3000100	100.00

(xiv)	Dematerialization of Shareholding and liquidity	99.32% Company Equity Share's dematerialized as on 31/03/2012
(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.

(ix)	<b>Stock Market Data</b>			
	<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Month Close</b>
	April 2011	88.45	63.00	66.55
	May 2011	71.00	58.00	61.80
	June 2011	64.70	55.15	64.00
	July 2011	70.20	56.75	56.75
	August 2011	61.95	51.60	61.60
	September 2011	88.80	61.40	88.50
	October 2011	92.00	78.00	90.00
	November 2011	88.90	66.55	86.00
	December 2011	113.30	88.00	111.10
	January 2012	117.30	81.75	82.05
	February 2012	80.00	57.10	57.85
	March 2012	63.40	49.65	52.70
(x)	<p><b>Registrar &amp; Transfer Agents:</b></p> <p>The Company has appointed M/s. Purva Sharegistry (India) Private Limited as a common agency for share registry work (both physical &amp; electronic) for all matters connected with transfers and transmission of shares and also dematerialization of shares and other related functions.</p>			
(xi)	<p><b>Share Transfer System:</b></p> <p>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.</p>			
(xii)	Registrar and Transfer Agent	<p>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</p>		



## **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.

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## **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 2012, 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 : 03/09/ 2012

Sd/-  
DIRECTOR



# MOTILAL & ASSOCIATES

CHARTERED ACCOUNTANTS

## 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, 2012 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: 3-09-2012**



# MOTILAL & ASSOCIATES

CHARTERED ACCOUNTANTS

## 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 31<sup>st</sup> March, 2012, Statement of Profit and Loss and also 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 Statement of Profit and Loss dealt by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet and Statement of Profit & Loss 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.



# MOTILAL & ASSOCIATES

CHARTERED ACCOUNTANTS

- v) On the basis of the written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, We report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of Sub-section (I) 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 31<sup>st</sup> March, 2012 and;
  - b) In the case of Statement of Profit and Loss account of the Loss 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.

**Place: Mumbai**  
**Dated: 03-09-2012**

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

Sd/-

**(Motilal Jain)**  
**Proprietor**  
**M. No. 036811**

# KEN FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31st March, 2012

Particulars <b>1</b>	Note No. <b>2</b>	Figure as at 31st March, 2012 <b>3</b>	Figure as at 31st March, 2011 <b>4</b>
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	2.1	30,001,000	30,001,000
(b) Reserves and Surplus	2.2	<u>16,967,125</u>	<u>18,366,787</u>
		46,968,125	48,367,787
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)		288,807	229,194
(b) Other Long term liabilities	2.3	<u>590,522</u>	<u>590,522</u>
		879,329	819,716
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	2.4	-	13,697,513
(b) Trade payables		987,360	3,208,559
(c) Other Current liabilities	2.5	150,447	443,245
(d) Short-term provisions	2.6	<u>698,282</u>	<u>1,453,600</u>
		1,836,089	18,802,917
<b>TOTAL</b>		<u><u>49,683,543</u></u>	<u><u>67,990,420</u></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	2.7	1,361,008	1,686,857
(b) Long-term loans and advances	2.8	<u>20,336,662</u>	<u>52,252,913</u>
		21,697,670	53,939,770
<b>(2) Current assets</b>			
(a) Current investments	2.9	14,135,938	1,800,000
(b) Trade receivables	2.10	4,221,237	8,554,490
(c) Cash and cash equivalents	2.11	3,896,050	2,442,052
(d) Short-term loans and advances	2.12	4,978,583	-
(e) Other current assets	2.13	<u>754,065</u>	<u>1,254,108</u>
		27,985,873	14,050,650
<b>TOTAL</b>		<u><u>49,683,543</u></u>	<u><u>67,990,420</u></u>
Notes referred above form an integral part of the Financial statements			
As per our report attached			
<b>For Motilal &amp; Associates</b>		<b>For Ken Financial Services Limited</b>	
<i>Chartered Accountants</i>			
Sd/-		Sd/-	Sd/-
<b>(Motilal Jain)</b>		<b>(Manoj More)</b>	<b>(Pranod Sharma)</b>
<b>Proprietor</b>		<b>Director</b>	<b>Director</b>
Membership No. : 036811			
Firm Regn. No. : 106584W			
Place : Mumbai			
Dated : 03/09/2012			

# KEN FINANCIAL SERVICES LIMITED

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED : 31st March, 2012

	Particulars	Note No.	Figures for the year ended 31st March, 2012	Figures for the year ended 31st March, 2011
I.	Revenue from operations	2.14	(788,715)	10,667,956
II.	Other income	2.15	108,025	-
III.	<b>Total Revenue (I + II)</b>		<u><u>(680,691)</u></u>	<u><u>10,667,956</u></u>
IV.	Expenses:			
	Cost of materials consumed		-	6,264,748
	Employee benefits expense	2.16	97,920	1,354,757
	Finance costs		-	759,387
	Depreciation and amortization expense	2.7	325,849	274,309
	Other Administrative expenses	2.17	235,589	1,151,798
	<b>Total expenses</b>		<u><u>659,358</u></u>	<u><u>9,804,999</u></u>
V.	<b>Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>(1,340,049)</b>	<b>862,957</b>
VI.	Exceptional & Extraordinary items		-	-
VII.	<b>Profit before tax (V- VI)</b>		<b>(1,340,049)</b>	<b>862,957</b>
VIII.	Tax expense:			
	Current Tax		-	371,100
	Deferred Tax		59,613	56,478
			<u>59,613</u>	<u>427,578</u>
IX.	<b>Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>(1,399,662)</b>	<b>435,379</b>
X.	Profit/(loss) from discontinuing operations		-	-
XI.	Tax expense of discontinuing operations		-	-
XII.	Profit/(loss) from Discontinuing operations (after tax) (X-XI)		-	-
XIII.	<b>Profit (Loss) for the period (IX + XII)</b>		<b>(1,399,662)</b>	<b>435,379</b>
XIV.	Earnings per equity share:			
	(1) Basic		(0.47)	0.15
	(2) Diluted		(0.47)	0.15

Notes referred above form an integral part of the Financial statements

As per our report attached  
**For Motilal & Associates**  
**Chartered Accountants**

**For Ken Financial Services Limited**

Sd/-

Sd/-

Sd/-

(Motilal Jain)

(Manoj More)

(Pranod Sharma)

**Proprietor**

**Director**

**Director**

Membership No. : 036811

Firm Regn. No. : 106584W

Place : Mumbai

Dated : 03/09/2012

**KEN FINANCIAL SERVICES LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012**

Particular	Figure as at 31st March, 2012		Figure as at 31st March, 2011	
<b>Note 2.1 : SHARE CAPITAL</b>				
<b>(a) Authorised Share Capital</b>				
Equity Shares of Rs. 10 each :	Nos.	Rs.	Nos.	Rs.
	3,250,000	32,500,000	3,250,000	32,500,000
	3,250,000	32,500,000	3,250,000	32,500,000
<b>(b) Issued and Subscribed</b>				
Equity shares of Rs. 10 each fully paid up	3,000,100	30,001,000	3,000,100	30,001,000
	3,000,100	30,001,000	3,000,100	30,001,000
<b>(c) Reconciliation of number of shares</b>				
Shares at the beginning of the year	3,000,100		3,000,100	
Add : Shares issued during the year	-		-	
Less : Buy back of shares/Reduction in share capital	-		-	
Outstanding shares at the year end	3,000,100		3,000,100	
<b>(d) Shares held by each shareholder holding more than 5% of the shares</b>				
Shri Kamal Kumar Chaudhary HUF	331,072		543,200	
Shri Ashish Chaudhary	264,000		1,002,500	
Yoke Securities Limited	229,000		-	
MPSE Securities Limited	-		159,390	
<b>Note 2.2 : RESERVES &amp; SURPLUS</b>				
<b>(a) Surplus - Profit &amp; Loss account</b>				
Opening balance		18,366,787		17,931,409
Add : Net Profit/(Net Loss) for the current year		(1,399,662)		435,378
Add : Transfer from Reserves		-		-
Total		16,967,125		18,366,787
<b>Note 2.3 : OTHER LONG TERM LIABILITIES</b>				
(a) Others		590,522		590,522
		590,522		590,522
<b>Note 2.4 : SHORT TERM BORROWINGS</b>				
<b>Unsecured</b>				
(a) Loans and Advances from related parties		-		13,697,513
		-		13,697,513
<b>Note 2.5 : OTHER CURRENT LIABILITES</b>				
(a) Other payables		150,447		443,245
		150,447		443,245
<b>Note 2.6 : SHORT TERM PROVISIONS</b>				
(a) Provision for Income Tax		698,282		1,453,600
		698,282		1,453,600
<b>Note 2.8 : LONG TERM LOANS AND ADVANCES</b>				
<b>(Secured or Unsecured, Considered Good or Doubtful)</b>				
(a) Security Deposits		886,073		986,073
(b) Other Loans and Advances		19,450,589		51,266,840
(Advance recoverable in cash or kind or for value to be received)		20,336,662		52,252,913

**KEN FINANCIAL SERVICES LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012**

Particular	Figure as at 31st March, 2012	Figure as at 31st March, 2011
<b>Note 2.10 : TRADE RECEIVABLES</b> (Secured or Unsecured, Considered Good or Doubtful)		
(a) Debts outstanding for over six months from the date they are due for payment	4,220,517	1,073,563
(b) Other Debts :	720	7,480,927
	<u>4,221,237</u>	<u>8,554,490</u>
<b>Note 2.11 : CASH AND CASH EQUIVALENTS</b>		
(a) Cash and Cash Equivalent		
(i) Balances with Banks	2,052,844	2,395,156
(ii) Cash on hand	1,843,206	46,896
	<u>3,896,050</u>	<u>2,442,052</u>
<b>Note 2.12 : SHORT TERM LOANS AND ADVANCES</b> (Secured or Unsecured, Considered Good or Doubtful)		
(a) Others		
(i) Advances against purchases and Expenses	4,978,583	-
	<u>4,978,583</u>	<u>-</u>
<b>Note 2.13 : OTHER CURRENT ASSETS</b>		
(a) Balances with the Income Tax Authorities	754,065	1,254,108
	<u>754,065</u>	<u>1,254,108</u>

Notes referred above form an integral part of the Financial statements

As per our report attached

**For Motilal & Associates**  
**Chartered Accountants**

For Ken Financial Services Limited

Sd/-

Sd/-

Sd/-

**(Motilal Jain)**

*(Manoj More)*

**(Pramod Sharma)**

**Proprietor**

**Director**

**Director**

Membership No. : 036811

Firm Regn. No. : 106584W

Place : Mumbai

Dated : 03/09/2012



**KEN FINANCIAL SERVICES LIMITED****NOTES TO PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

<b>Particular</b>	<b>Figure as at 31st March, 2012</b>	<b>Figure as at 31st March, 2011</b>
<b>Note 2.14 : REVENUE FROM OPERATIONS</b>		
Income from Operations	(788,715)	10,667,956
	<u>(788,715)</u>	<u>10,667,956</u>
<b>Note 2.15 : OTHER INCOME</b>		
Other Income	108,025	-
	<u>108,025</u>	<u>-</u>
<b>Note 2.16 : EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and Wages	90,000	1,279,790
Staff Welfare Expenses	7,920	74,967
	<u>97,920</u>	<u>1,354,757</u>
<b>Note 2.17 : OTHER ADMINISTRATIVE EXPENSES</b>		
Annual Fees (BSE)	44,172	82,616
Rent Charges	36,000	77,100
Conveyance & Travelling Expenses	10,830	31,476
Bank Charges	31,493	18,591
Printing & Stationary Expenses	11,360	35,038
Telephone Expenses	29,900	133,254
Electricity Expenses	-	44,518
Office Expenses	61,833	87,273
Donation	-	27,000
Payment to Auditors	10,000	10,000
Loss on Sales of Fixed Asset	-	411,962
Sundry Balance Written off	1	20
Repairs & Maintenance - Machinery	-	83,235
Transportation Expenses	-	74,210
Sales Promotion Expenses	-	35,505
	<u>235,589</u>	<u>1,151,798</u>
<b>OTHER NOTES FORMING PARTS OF BALANCE SHEET</b>		
<b>Note 2.18 : DEPRECIATION AND AMORTISATION EXPENSES</b>		
	325,849	274,309
<b>Note 2.19 : PAYMENT TO AUDITOR</b>		
	10,000	10,000
<b>Note 2.20 : PURCHASES - TRADED GOODS</b>		
Purchases (Trading Goods)	-	6,204,630
Packing Material	-	60,118
	<u>-</u>	<u>6,264,748</u>
<b>Note 2.21: EARNING PER SHARE</b>		
Net Profit after Tax	(1,399,662)	435,379
Weighted No. of Equity Shares outstanding during the year of Rs. 10 each	3,000,100	3,000,100
Basic and diluted Earning per Eq. Share (In Rs.)	(0.47)	0.15
<b>Note 2.22: SEGMENT REPORTING</b>		
As more than 90% of Company's operations are only in one Segment, therefore separate disclosure is not required.		

**Note 2.23: FOREIGN CURRENCY TRANSACTION**

(a)	<b>CIF Value of Imports</b>		
	Raw Materials & Others	-	-
(b)	<b>Expenditure in foreign currency</b>		
	Royalty	-	-
	Other expenses	-	-
(c)	<b>Earnings in Foreign exchange</b>		
	F.O.B. value of Exports	-	-
	Other Income	-	-

**Note 2.24: RELATED PARTY DISCLOSURE**

Name of Related parties and description of relationship

Key Management Personnel	: Pramod Sharma, Executive Director
	: Rushikesh Narlawar, Non Executive Director
	: Manoj Kumar More, Independent Director
	: Shashikant Modi, Independent Director
	: Sunil Shivkumar Saini, Independent Director
	: Manish Kumar Goyal, Independent Director
	: Dinesh S Dhoker, Independent Director
	: Ronak Salecha, Independent Director

There was no transaction with related party during the year.

**Note 2.25: CONTINGENT LIABILITIES AND COMMITMENTS**

- (i) There is no such Contingent Liabilities, as such no Provision made.
- (ii) Capital Commitments towards New Project - Nil
- (iii) Guarantee
- |              |   |               |   |
|--------------|---|---------------|---|
| Current Year | - | Previous Year | - |
|--------------|---|---------------|---|

**Note 2.26: OTHER DISCLOSURE**

- (i) In the opinion of Management, the Current Assets, Loan & Advances are approx of the same value as stated, if realised in the ordinary course of Business.
- (ii) Sundry Creditors, Sundry Debtors and Loan & Advances are subject to confirmation and reconciliation, if any.
- (iii) Deferrd Tax Liability
- |              |         |               |         |
|--------------|---------|---------------|---------|
| Current Year | 288,807 | Previous Year | 229,194 |
|--------------|---------|---------------|---------|

**Note 2.27: PREVIOUS YEAR'S FIGURE**

The financial statements for the year ended 31st March, 2011 had been prepared as per applicable pre-revised Schedule-VI to the Companies act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to confirm to this years Classification.

Notes referred above form an integral part of the Financial statements

As per our report attached

**For Motilal & Associates**  
**Chartered Accountants**

**For Ken Financial Services Limited**

Sd/-  
**(Motilal Jain)**  
**Proprietor**

Sd/-  
**(Manoj More)**  
**Director**

Sd/-  
**(Pramod Sharma)**  
**Director**

Membership No. : 036811  
 Firm Regn. No. : 106584W  
 Place : Mumbai  
 Dated : 03/09/2012

**KEN FINANCIAL SERVICES LIMITED**  
**NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012**

**Note 2.9 : CURRENT INVESTMENTS**

	Aggregate Amount as at		Market value as at		Aggregate provision for diminution in value as at	
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Quoted Investment	14135938	1800000				
Unquoted Investment	<b>14135938</b>	<b>1800000</b>				

# KEN FINANCIAL SERVICES LIMITED

## NOTES TO BALANCE SHEET AS AT 31ST MARCH, 2012

### Note 2.7 : FIXED ASSETS - TANGIBLE ASSETS

Particular	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount			
	As at 1st April, 2011	Additions	Deductions	As at 31st March, 2012	Up to 31st March, 2011	For the year	Deduction	Up to 31st March, 2012	As at 31st March, 2012	As at 31st March, 2011
Plant & Equipments	50,850	-	-	50,850	4,759	2,415	-	7,174	43,676	46,091
Electrical Installations	142,611	-	-	142,611	85,201	6,774	-	91,975	50,636	57,410
Furniture & Fixtures	1,738,225	-	-	1,738,225	1,627,620	23,743	-	1,651,363	86,862	110,605
Office Equipments	633,851	-	-	633,851	458,967	30,108	-	489,075	144,776	174,884
Computers	1,621,276	-	-	1,621,276	323,409	262,809	-	586,218	1,035,058	1,297,867
Total Rs.	4,186,813	-	-	4,186,813	2,499,956	325,849	-	2,825,805	1,361,008	1,686,857
Previous Year	3,991,897	987,360	792,444	4,186,813	2,375,018	274,309	149,371	2,499,956	-	1,686,857

**KEN FINANCIAL SERVICES LIMITED**

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	
	A. REGISTRATION NO.	78898
	B. STATE CODE	11
	C. BALANCE SHEET DATE	31-03-2012
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	49684
	TOTAL ASSETS	49684
	SOURCES OF FUNDS	
	PAID UP CAPITAL	30001
	RESERVES & SURPLUS	16967
	SECURED LOANS	NIL
	UNSECURED LOANS	591
	CURRENT LIABILITIES	1836
	DEFERRED TAX LIABILITY	289
	APPLICATION OF FUNDS	
	NET FIXED ASSETS	1361
	INVESTMENTS	14136
	CURRENT ASSETS	34187
	MISCELLANEOUS EXPENDITURE	NIL
	ACCUMULATED LOSSES	NIL
IV.	PERFORMANCE OF THE COMPANY (In Thousands)	
	TOTAL INCOME	(681)
	TOTAL EXPENDITURE	659
	PROFIT/LOSS BEFORE TAX	(1340)
	PROFIT/LOSS AFTER TAX	(1399)
	EARNING PER SHARE (Rs.)	(0.47)
	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 LIMITED**

**PLACE: MUMBAI  
DATED: 03-09-2012**

**Sd/-  
DIRECTOR**

## KEN FINANCIAL SERVICES LIMITED

Annexure Referred to in paragraph (2) of our report of even date on the accounts for the year ended 31st March, 2012 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 any substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- ii. (a) There is no stock in Trade, which have been required for physically verified during the year by the management, therefore above provision is not applicable.
- (b) In our opinion, the procedure of physical verification of stocks was not possible as there is no stock.
- 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. 5,90,522/- 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 protections 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.

**Place: Mumbai**  
**Dated: 03-09-2012**

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

**Sd/-**

**(Motilal Jain)**  
**Proprietor**  
**M. No. 036811**



**KEN FINANCIAL SERVICES LIMITED**  
**Cash Flow Statement for the Financial Year 2011-2012**

Particulars	2011-2012 Amount In Rs.	2010-2011 Amount In Rs.
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before Tax	(1,340,049)	862,957
Adjustment to reconcile profit and loss before tax to cash provided by operating activities		
Depreciation and amortisation expenses	325,849	124,938
Interest and Dividend Income	-	-
Operating profit before working capital changes	(1,014,200)	987,895
Decrease/(Increase) in Stock in Trade	-	759,387
Decrease/(Increase) in Sundry Debtors	4,333,253	(3,310,975)
Decrease/(Increase) in Loans & Advances	27,183,321	(13,185,002)
(Decrease)/Increase in Current Liabilities	(16,966,828)	325,968
Cash Generated from Operation	13,535,546	(14,422,727)
Tax paid	254,390	266,080
Cash Flow before Extra Ordinary items	13,789,936	(14,156,647)
Foreign Exchange Loss	-	-
Prior period adjustment	-	-
<b>Net Cash Flow from Operating activities</b>	<b>13,789,936</b>	<b>(14,156,647)</b>
<b>B. Cash Flow from Investing activities</b>		
Purchase of Fixed Assets	-	(194,916)
Sale of Investment / (Purchases of Investment)	(12,335,938)	(1,693,895)
Conversion of Investment in Stock in Trade	-	-
Dividend	-	-
<b>Net Cash Flow from Investing activities</b>	<b>(12,335,938)</b>	<b>(1,888,812)</b>
<b>C. Cash Flow from financing activities</b>		
Increase/(Decrease) in Long-term borrowings	-	3,698,204
Interest paid	-	-
Dividend paid	-	-
<b>Net Cash Flow from Financing activities</b>	<b>-</b>	<b>3,698,204</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,453,998</b>	<b>(12,347,255)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,442,052</b>	<b>14,789,307</b>
<b>Cash and cash equivalents at end of year</b>	<b>3,896,050</b>	<b>2,442,052</b>

**AS PER OUR REPORT OF EVEN DATE**

For Motilal & Associates  
Chartered Accountants

For Ken Financial Services Ltd.

Sd/-

Sd/-  
Director

Sd/-  
Director

Place: Mumbai  
Dated: 3-09-2012

## **KEN FINANCIAL SERVICES LIMITED**

### **NOTE – 1**

#### **Accounting policies forming part of the Accounts for the year ended on 31st March 2012**

##### **1.1 Basis of preparation of financial statements**

The Financial Statements are prepared under in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis except those stated at revalued amount on the going concern basis. GAAP comprises mandatory accounting standards as prescribed by the Companies Rules, 2006; the provision of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hereto in use.

##### **1.2 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.

##### **1.3 Depreciation:**

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

##### **1.4 Revenue Recognition**

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

##### **1.5 Retirement Benefits**

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

##### **1.6 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 is recognized, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantially enacted regulations. 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.

### 1.7 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.

### 1.8 Earnings Per Share

Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

### 1.9 Investment

Investments are stated at cost. Any diminution in the value of Investment is charged to Profit and Loss Account, if such a decline is other than temporary in the opinion of the Management.

### 1.10 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is present obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Contingent Liabilities are disclosed in the notes on accounts. Unless the possibility of any outflow in settlement is remote, contingent assets are neither recognized nor disclosed.