

## **CORPORATE GOVERNANCE REPORT**

### **1. Company's philosophy**

The Company aims at achieving transparency, accountability in all facets of its operations on a continuous basis and in all interactions with the stakeholders. The Company is committed to achieve the good standards of Corporate Governance on a continuous basis.

### **2. (a) Composition, Category and attendance of Board of Directors**

| <b>Name</b>                   | <b>Category</b>               | <b>Designation</b> | <b>No. of Meetings held during the last financial year</b> | <b>No. of meetings attended</b> | <b>Directorship in other companies</b> |
|-------------------------------|-------------------------------|--------------------|--|---------------------------------|--|
| Mrs. Sailaja Yarrapothu       | Promoter and Non-Executive    | Director           | 5  | 5                               | 3                                      |
| Mrs. Veeramachineni Anarkali  | Promoter and Non-Executive    | Director           | 5  | 5                               | 2                                      |
| Mr. Rama Mohana Rao Tummala   | Promoter and Non-Executive    | Director           | 5  | 5                               | 2                                      |
| Mr. Venkata Subba Rao Mandava | Non-Executive and Independent | Director           | 1  | 1                               | 1                                      |
| Mr. Boddu Ramesh Naidu        | Non-Executive and Independent | Director           | 1  | 1                               | 0                                      |
| Mr. Nagallasagar              | Non-Executive and Independent | Director           | 1  | 1                               | 0                                      |

No Director is a member in more than 10 (ten) committees and chairman in more than 5 committees.

### **(b) Meetings of the Board of Directors**

During the financial year 2011-2012, the Board of Directors met 5 (five) times, on the following dates

(i) 25-04-2011, (ii) 04-07-2011, (iii) 01-09-2011 (iv) 20-10-2011 and (v) 06-02-2012;

### **3. Pecuniary relationship or transactions of Non-Executive Directors:**

Non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

### **4. Code of Conduct**

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. All Directors affirmed compliance with the Code for the year under review. A declaration to this effect duly signed by the Managing Director of the Company is annexed to this report.

### **5. Audit Committee**

The company has re-constituted the Audit Committee under section 292A of the Companies Act, 1956 and consists of following three Directors of the Company:

1. Mr. Venkata Subba Rao Mandava - Chairman
2. Mrs. Sailaja Yarrapothu - Director
3. Mr. Nagallasagar - Director

The terms of reference as stipulated by the Board to the Audit Committee include:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information
- b. Recommending the appointment and removal of external auditors fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with the management, the annual financial statements prior to the submission to the Board, with key focus on :
  - Changes in accounting policies and practices
  - Major accounting entries based on exercise on judgment by management
  - Qualifications, if any in the draft audit report
  - Significant adjustments arising out of audit
  - Going concern assumption
  - Compliance with Accounting Standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Disclosure of any related party transactions
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- f. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- g. Carrying out any other function as mentioned in the terms of reference of the Audit Committee

During the year under review, one meeting was held, since Audit Committee was re-constituted with two Independent Directors on February 6, 2012. Attendance of each member at the committee meeting were as follows:

| <b>S. No.</b> | <b>Name of the Member</b>     | <b>No. of Meetings Attended</b> |
|---------------|-------------------------------|---------------------------------|
| 1             | Mr. Venkata Subba Rao Mandava | 1                               |
| 2             | Mrs. Sailaja Yarrapothu       | 1                               |
| 3             | Mr. Nagallasagar              | 1                               |

#### **6. Details of remuneration to Directors**

No Directors were paid any remuneration. Further, no sitting fee was paid to the Directors for attending the meeting of the Company.

#### **7 Investor' Grievance Committee**

As a measure of Good Corporate Governance and to focus on the Shareholder's grievance and towards strengthening investor relations, as Investor's Grievance Committee has been re-constituted as a subcommittee of the Board.

The Committee comprises of Mr. Venkata Subba Rao Mandava, Mrs. Sailaja Yarrapothu and Mr. Nagallasagar.

The Committee primarily focuses on shareholder grievances, *inter-alia*, approves the issue of duplicate share certificates and oversees and reviews all matters connected with servicing of investors. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall quality improvement of investor services.

The Company has appointed M/s Venture Capital and Corporate Investments Private Limited as Registrar & Share Transfer Agents and they will also attend to Investors Grievances.

#### **8. General Body Meetings**

##### **a) Date, Venue and Time of the last three Annual General Meetings**

| <b>Date</b> | <b>Venue</b>  | <b>Time</b> | <b>No. of Special Resolutions</b> |
|-------------|---|-------------|-----------------------------------|
| 30.09.2011  | Plot No.1268, A/2, Road No.63/A, Jubilee Hills, Hyderabad-500 033 | 10.00 AM    | Nil                               |
| 30.09.2010  | Plot No.1268, A/2, Road No.63/A, Jubilee Hills, Hyderabad-500 033 | 10.00 AM    | Nil                               |
| 30.09.2009  | Plot No.1268, A/2, Road No.63/A, Jubilee Hills, Hyderabad-500 033 | 10.00 AM    | Nil                               |

## **9. Disclosures**

There are no materially significant related party transactions, ie., transactions material in nature, with its promoters, Directors or the Management their relatives etc., that may potentially conflict with the interests of the company.

The Company has not adopted the non-mandatory requirements. And no penalties of strictures as imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

## **10. Means of Communication**

The main channel of communication to the shareholders is through the annual report which inter alia includes the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, along with the Auditors Report, and Shareholders Information.

The Quarterly Unaudited results are sent to the Madras Stock Exchange where shares are listed and also posted on the website of the Company viz. <http://srikanyaka.in>.

## **11. Profile of Director reappointed at the AGM**

**Brief profile of Directors seeking re-appointment at this Annual General (Pursuant to Clause 49 of the Listing Agreement)**

|  |   |   |
|--|---|---|
| Name of the Director   | Mrs. Veeramachineni Anarkali            | Mr. Rama Mohana Rao Tummala             |
| Date of Appointment  | 09/08/1994                              | 09/08/1994                              |
| Date of Birth  | 13/03/1943                              | 20/08/1940                              |
| Qualification  | Graduate                                | Graduate                                |
| Expertise in specific functional areas   | Having long experience in NBFC business | Having long experience in NBFC business |
| List of Companies in which Directorship is held as on 31.03.2012                                   | 2                                       | 2                                       |
| Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2012 | Nil                                     | Nil                                     |

*\*The Committee include the Audit Committee, the Remuneration Committee and the Shareholders / Investor Grievance Committee.*

## ***12. Nomination Facility***

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company. as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

## ***13. Company's Policy on prevention of Insider Trading***

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Mrs. Sailaja Yarrapothu had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

## ***14. Compliance with Clause 49 Mandatory Requirements***

The Company complied with all the applicable mandatory requirements of Clause 49 of the listing agreement and is also submitting a quarterly compliance report duly certified by compliance officer of the company to the stock exchanges within the time frame prescribed under regulations.

## ***15. General Information for shareholders***

|  |   |
|--|---|
| a. Annual General Meeting<br>Day, date, time and venue | Wednesday, May 30, 2012 at 11.00 A.M.<br><br>H.No.2A, Flat No.1F, Parameswara Apartments,<br>6-3-626, Beside SBH, Anand Nagar Main Road,<br>Kharatabad, Hyderabad-500 004   |
| b. Book closure dates                                  | From 25-05-2012 to 30-05-2012 (both days inclusive) for the purpose of Annual General Meeting and for ascertaining eligible shareholders to exchange old share certificates with new share certificates, which are being issued with new logo, registered office address and also for administrative and technical reasons. |

|   |  |
|---|--|
| <p>c. Tentative Calendar of events for the financial year April, 2012 – March, 2013 is as under:</p> <p>Un-audited Financial Results for</p> <p>-First Quarter<br/>-Second Quarter<br/>-Third Quarter<br/>-Fourth Quarter</p> | <p>July, 2012<br/>October, 2012<br/>January, 2013<br/>April, 2013</p>  |
| <p>d. Financial Year</p>  | <p>Year ending March 31,</p>   |
| <p>e. Listing of equity shares is at</p>  | <p>The Madras Stock Exchange Limited<br/>No.30, Second Line Beach<br/>Chennai, 600 001, Tamilnadu, India</p>   |
| <p>f. Stock Code</p>  | <p>Nil</p>   |
| <p>g. Share Transfer System</p>   | <p>Share transfer requests, which are received in physical form are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.</p>    |
| <p>h. Secretarial Audit</p>   | <p>Secretarial Audit is being carried out every quarter by a Practicing Company Secretary and his audit report is placed before the Board for its perusal and filed with the Stock Exchange.</p>   |
| <p>i. Location</p>  | <p>Registered Office:</p> <p>H.No.2A, Flat No.1F, Parameswara Apartments,<br/>6-3-626, Beside SBH, Anand Nagar Main Road,<br/>Kharatabad, Hyderabad-500 004</p> <p>Email: srikanyakainvestments@gmail.com<br/>URL : <a href="http://www.srikanyaka.in">www.srikanyaka.in</a></p>                   |
| <p>j. Registrar &amp; Share Transfer Agents</p>   | <p>Venture Capital and Corporate Investments<br/>Private Limited</p> <p>Registration No. with SEBI: INR00001203</p> <p>#12-10-167, Bharat Nagar, Hyderabad-18</p> <p>Tel: +91-40-23818475/476<br/>Fax: +91-40-23868024<br/>Email: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a></p> |

|                               |   |
|-------------------------------|---|
| k. Query on the Annual Report | <p>Mrs. Sailaja Yarrapothu<br/>Director</p> <p>Sri Kanyaka Investments Limited<br/>Registered Office: H.No.2A, Flat No.1F,<br/>Parameswara Apartments, 6-3-626, Beside SBH,<br/>Anand Nagar Main Road, Kharatabad,<br/>Hyderabad-500 004</p> <p>Email: srikanyakainvestments@gmail.com<br/>URL : <a href="http://www.srikanyaka.in">www.srikanyaka.in</a></p> |
|-------------------------------|---|

(l). Distribution of shareholding as on 31<sup>st</sup> March, 2012

| Category                        | No. of shareholders | Total Shares     | % of holding  |
|---------------------------------|---------------------|------------------|---------------|
| Promoter & Promoter Groups      | 7                   | 19,20,300        | 64.01         |
| Foreign Institutional Investors | 0                   | 0                | 0.00          |
| Bodies Corporate                | 6                   | 2,67,800         | 8.93          |
| Resident Individuals            | 664                 | 8,11,900         | 27.06         |
| Non Resident Indians            | 0                   | 0                | 0.00          |
| <b>Total</b>                    | <b>677</b>          | <b>30,00,000</b> | <b>100.00</b> |

(m) Categories of shareholders as on 31<sup>st</sup> March, 2012

| Category                         | No. of Shared Held | Percentage     |
|----------------------------------|--------------------|----------------|
| Promoters and Promoter Group     | 19,20,300          | 64.01%         |
| Financial Institutional Investor | 0                  | 0.00%          |
| Others                           | 10,79,700          | 35.99%         |
| <b>Total</b>                     | <b>30,00,000</b>   | <b>100.00%</b> |