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KUMBHAT FINANCIAL SERVICES LIMITED

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For KUMBHAT FINANCIAL SERVICES LTD

Manoj Kumar
30/9/2008

Director

**15th Annual Report
2007 - 2008**

KFSL

KUMBHAT FINANCIAL SERVICES LIMITED

Board of Directors:

Sri. SHANTI KUMBHAT
Managing Director

Sri. AJIT KUMBHAT

Sri KAMAL RAJ MODI

Sri GANPAT RAJ BAGMAR

Registered Office:

144, N.S.C. Bose Road,
Chennai 600 079

Bankers:

Central Bank of India
The Laxmi Vilas Bank Ltd.,

Auditors:

Krishnan & Giri,
Chartered Accountants,
72 Thatha Muthiappan Street
Chennai 600 001.

Share Transfer Agents:

Cameo Corporate Services Limited,
'Subramanian Building', V Floor,
No.1, Club House Road,
Chennai 600 002

KUMBHAT FINANCIAL SERVICES LIMITED

NOTICE TO THE MEMBERS

Notice is hereby given that the Fifteenth Annual General Meeting of the members of the Company will be held on Tuesday, the 30th September 2008 at 09.15A.M. at Anna Auditorium, ASI Convention Centre, No.18, Swamy Sivananda Salai, Chepauk, Chennai to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2008 and the Profit and Loss Account for the year ended on that date, together with the notes thereon and schedules thereto and Reports of the Board of Directors' and the Auditors'.
2. To appoint a Director in place of Sri.Ganpat Raj Bagmar, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration. The retiring auditors, M/s.Krishnan & Giri, Chartered Accountants, Chennai, are eligible for reappointment.

Registered Office:
144, N.S.C. Bose Road
Chennai 600 079
Date: 30th June, 2008

By Order of the Board

Shanti Kumbhat
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE PROXY FORM DULY COMPLETED MUST BE RETURNED SO AS TO REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE COMMENCEMENT OF THE AFORESAID MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2008 to September 30, 2008 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Company or the Share Transfer Agent.
4. Members / Proxies should bring the Attendance slip duly filed in for attending the meeting.
5. In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be appointed / re-appointed at this meeting is given below :

KUMBHAT FINANCIAL SERVICES LIMITED

A. GANPAT RAJ BAGMAR

Born on 3rd July 1962, Sri Ganpat Raj Bagmar is a Chartered Accountant in practice for almost two decades and has vast experience in Audit & Taxation fields and has also wide social contacts. His services to the company would be very useful.

Registered Office :
144, N.S.C. Bose Road,
Chennai – 600 079.
Date : 30th June, 2008

By Order of the Board

Shanti Kumbhat
Managing Director

KUMBHAT FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Statements of Account for the Financial year ended March 31, 2008.

FINANCIAL RESULT :

	Current Year <u>March 31, 2008</u> (Rs. In Lakhs)	Previous Year <u>March 31, 2007</u> (Rs. In Lakhs)
Income from Operations	31.03	26.96
Profit before Depreciation And Provision for taxation	14.92	12.70
Less : Depreciation	<u>1.81</u>	<u>2.13</u>
	13.11	10.57
Less : Provision for taxation	<u>2.02</u>	<u>3.53</u>
Net Profit	11.09	7.04
Add : Previous year's surplus	<u>49.93</u>	<u>46.89</u>
Amount available for appropriations	<u>61.02</u>	<u>53.93</u>

Appropriations :

Transfer to Statutory Reserve	2.00	2.00
Transfer to General Reserve	2.00	2.00
Surplus carried to Balance Sheet	<u>57.02</u>	<u>49.93</u>
	<u>61.02</u>	<u>53.93</u>

PERFORMANCE :

During the year the Company achieved a Gross Income of Rs.31.03 lakhs as compared to Rs.26.96 lakhs during the previous year. The Profit before tax of the Company stood at Rs.13.11 as against Rs.10.57 lakhs. During the year there were no major disbursements. The focus continued to be on recoveries and towards substantial reduction in operational cost. The net profit of the Company stood at Rs.11.09 lakhs. During the year a sum of Rs.2 lakhs has been appropriated towards Statutory Reserve and Rs.2 lakhs towards General Reserve. The resultant profit of Rs.7.09 lakhs has been carried to the Profit and Loss Account.

KUMBHAT FINANCIAL SERVICES LIMITED

PRUDENTIAL NORMS FOR NBFCs

The prudential norms prescribed by the Reserve Bank of India for NBFC's for income recognition, provisioning for non performing assets and other directions issued from time to time in this regard are followed by the Company. The Company has complied with the capital adequacy norms and other directions issued by the Reserve Bank of India in respect of Non Banking Financial Companies from time to time.

DIVIDEND

In order to strengthen the financial position of the company the directors have decided not to declare dividend for the year.

DIRECTORS

Sri Ganpat Raj Bagmar retires at the end of this Annual General Meeting and being eligible, offers himself for re-appointment.

DEPOSITS

The Company has not accepted any fixed deposit from the public.

AUDITORS

M/s. Krishnan & Giri, Chartered Accountants, Chennai retire at the forthcoming Annual General Meeting. They have advised of their availability for re-appointment.

PROSPECTS

This year also witnessed consolidation in the NBFC sector wherein the financial position and profitability of the companies came under severe strain. Certain global majors also entered into the field which resulted in aggressive rate reduction. The directors are of the opinion that the same trend will continue in the coming years.

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

The Company has no activity relating to conservation of energy or technology absorption. The Company did not have foreign exchange earning or outgo.

PERSONNEL

The Company has no employee who is in receipt of remuneration in excess of the amount prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

KUMBHAT FINANCIAL SERVICES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 217(2AA) of the Companies Act, 1956 your directors confirm as follows :

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed.
- ii) that the Directors had selected such accounting policies and applied them consistently which are reasonable and prudent so as to give a true and fair view of state of affairs of the company at the end of the financial year and of the financial year and of the profit or loss of the company for that year;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A Separate Report on Corporate Governance is incorporated as a part of this Annual Report along with Auditor's Statement on its compliance, as prescribed under clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS :

Your Directors wish to place on record their deep appreciation of the services of the Managing Director and the members of the staff of the company.

For and On behalf of the Board

Chennai
Date : 30th June, 2008

Shanti Kumbhat
Managing Director

KUMBHAT FINANCIAL SERVICES LIMITED

REPORT ON CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

A. MANDATORY REQUIREMENTS**1. Company's philosophy on Code of Governance**

The Company's philosophy of Corporate Governance is proactively meeting its obligation to its shareholders and sincerely believes that all its activities must serve towards attaining optimum level of financial stability thereby enhancing the shareholders' value, over a sustained period of time.

2. Board of Directors

Composition

The Present strength of the Board is 4 Directors. The Board comprises of Executive and Non Executive Directors. Sri Shanti Kumbhat is the Managing Director. The remaining Directors are Non Executive Directors.

Name of the Director	Category of Directorship	No. of Board Meetings	% of Total Meetings	Attendance at the last AGM
Sri Ajit Kumbhat	Director	6	100	Yes
Sri Kamal Raj Modi	Director	6	100	Yes
Sri Ganpat Raj Bagmar	Director	6	100	Yes

There were six board meetings held during the financial year.

KUMBHAT FINANCIAL SERVICES LIMITED**3. Audit Committee**

Terms of Reference and Composition, Chairman and the Name of Members

The Committee comprises of Sri Ganpat Raj Bagmar, Chairman of the Committee, Sri Ajit Kumbhat and Sri Kamal Raj Modi all being Non-Executive Directors. The Chairman of the Committee is an independent Director. Majority of the Members have financial and accounting knowledge. The Chief Executive Officer, Internal Auditors and Statutory Auditors are invitees to the Meeting. The terms of reference of this Committee are wide enough covering matters specified for Audit Committee under the Listing Agreement.

Meetings and attendance during the year

There were three meetings of the Audit Committee during the financial year 2007-08 and the attendance of each member of the committee is given below.

No.	Name of the Director	No.of Meetings attend	% of Total Meetings attend
1.	Ganpat Raj Bagmar	3	100
2.	Ajit Kumbhat	3	100
3.	Kamal Raj Modi	3	100

4. Remuneration to Directors

a) Details of remuneration paid to the Managing Director during the year is Rs.110000/-

b) Details of payments to Non-Executive Directors during the financial year 2007-08 are given below.

No.	Name of the Director	Sitting Fee for Board Meetings & Committee Meetings	Commission
1.	Ganpat Raj Bagmar	6000	Nil
2.	Ajit Kumbhat	6000	Nil
3.	Kamal Raj Modi	5000	Nil

KUMBHAT FINANCIAL SERVICES LIMITED

5. Investors / Shareholders Grievance Committee

The Company has formed a Securities Transfer and Investors' Grievance Committee. The Committee Comprises of Sri.Ajit Kumbhat, the Chairman of the Committee, Sri Kamal Raj Modi and Sri Ganpat Raj Bagmar all being Non-Executive Directors. The Committee looks into the shareholders and Investors' complaints. All the complaints received from the Shareholders have been resolved. The number of shares transferred from 01.04.2007 to 31.03.2008 were 72 transfers for 16800 shares and 3 transmission for 1000 shares.

6. General Body Meetings

Details of the location of the past three AGMs and the details of the resolutions passed or to be passed by postal ballot.

a. Details of the location of the past three AGMs

1. Financial Year 2006 – 2007 : Anna Auditorium
ASI Convention Center
No.18, Swami Sivananda Salai,
Chepauk, Chennai – 600 005.
2. Financial Year 2005 – 2006 : Anna Auditorium
ASI Convention Center
No.18, Swami Sivananda Salai,
Chepauk, Chennai – 600 005.
3. Financial Year 2004 – 2005 : Anna Auditorium
ASI Convention Center
No.18, Swami Sivananda Salai,
Chepauk, Chennai – 600 005.

b. No resolutions were put through postal ballot in the earlier years.

7. Disclosures on materially significant related party transactions of the Company of a material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

* All transactions with the Companies in which the promoters or Directors or the management, their subsidiaries or their relatives etc., that may have potential conflict with the interests of the Company at large.

Details of non-compliance by the Company, penalties, stricture imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

Listing fees has not paid in respect of	
Hyderabad Stock Exchange	2001-2002 to 2007-2008
Ahmedabad Stock Exchange	2003 -2004 to 2007-2008
Coimbatore Stock Exchange	2001-2002 to 2007-2008

KUMBHAT FINANCIAL SERVICES LIMITED

8. Means of communications

- Half-yearly report sent to the household of each Shareholder : No, as the results of the Company are published in the Newspapers.
- Quarterly Results : No, as the results of the Company are Published in the Newspapers.
- Any Website, where displayed : At present, the results are not displayed on any Website.
- Whether it is also displayed in Official Newspaper : No
- Presentation made to institutional investors or at analysts : No
- Newspapers in which results are normally published in : 1. Makkal Kural and 2. Trinity Mirror
- Whether Management Discussion and analysis is a part of Annual Report or not : Yes

9. General Shareholder Information

- AGM
- Date : 30th September 2008
- Time : 9.15 A.M.
- Venue : Anna Auditorial
ASI Convention Centre
No.18, Swamy Shivananda Salai
Chepauk, Chennai – 600 005.
- Financial Calender : Results of the First Quarter (April – June)
* Last week of July
- Results for the Second Quarter (July – September)
* Last week of October
- Results for the Third Quarter (October – December)
* Last week of January
- Annual Results (April – March)
* Last week of June

KUMBHAT FINANCIAL SERVICES LIMITED

Date of Book Closure	: September 15 to September 30, 2008 (both days inclusive)
Dividend Payment Dates	: No Dividend proposed
Listing on Stock Exchanges	: The Madras Stock Exchange The Stock Exchange Mumbai Hyderabad Stock Exchange Coimbatore Stock Exchange Ahmedabad Stock Exchange
Stock Code	:
Mumbai Stock Exchange	: KUMBHFN – 26869
Madras Stock Exchange	: KFS
Hyderabad Stock Exchange	: KFS
Coimbatore Stock Exchange	: 21108
Ahmedabad Stock Exchange	: KUMBHATFIN – 31609
ISIN Number for NSDL & SCDL	: INE795E01019
Stock Price Data	: Shares are not quoted in any Exchanges on any day during the year.
Registrar and Share Transfer Agent	: M/s.Cameo Corporate Services Limited “Subramanian Building” No.1, Club House Road Chennai – 600 002. Ph : 044 – 28460390 Fax : 044 – 28460129 E-mail: cameosys@satyam.net.in
Share Transfer System	: All the transfer requests received are processed and approved by an Authorized Officer / The Securities Transfers and Investors’ Grevance Committee. Normally transfers are processed and approved twice in a month or more depending on the volume of transfers.
Distribution of Shareholding and Share -holding as on March 31, 2007	: As per Annexure – A

KUMBHAT FINANCIAL SERVICES LIMITED

- Dematerialisation of Shares and Liquidity : 25.80% of the paid-up capital has been dematerialized as on March 31, 2008
- Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity : The Company has not issued any GDR/ADR
- Address for Correspondence
- a. for transfer / dematerialized of shares and any other query relating to the shares of the Company. : M/s.Cameo Corporate Services Limited
Unit : KFSL
"Subramanian Building"
No.1, Club House Road, Chennai – 600 002.
- b. For shares held in demat form : Depository Participants
- c. Any query on the Annual Report and for the Correspondence : The Managing Director
Kumbhat Financial Services Limited
No.144, N.S.C. Bose Road,
Chennai – 600 079.

B. NON MANDATORY REQUIREMENTS

- a. Chairman of the Board : Whether the Chairman of the Board is entitled to maintain a Chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in the performance of his duties:
- * No
- b. Remuneration Committee :
- * The Company has not yet set up a Remuneration Committee.
- c. Shareholder Right : The half-yearly declaration or financial performance including a summary of the significant events in last six months should be sent to the household of each shareholder:
- * As the Company's half yearly results are published in English and Tamil Newspapers, the same are not sent to the shareholders of the Company.
- d. Postal Ballot :
- * The Company has not yet made use of the postal ballot.

KUMBHAT FINANCIAL SERVICES LIMITED

ANNEXURE A

The distribution of shareholding as on March 31, 2008

No. of Equity Shares held	Share Holders		Share Amount	
	Numbers	% of Total	In Rs.	% of Total
1 – 500	7442	84.3573	13624000	28.6821
501 – 1000	766	8.6828	6734000	14.1768
1001 – 2000	288	3.2646	4339000	9.1347
2001 – 3000	171	1.9383	4278000	9.0063
3001 – 4000	30	0.3401	1043000	2.1958
4001 – 5000	58	0.6574	2821000	5.9389
5001 – 10000	38	0.4307	2908000	6.1221
10001 and above	29	0.3287	11753000	24.7432
Grand Total	8822	100.00	47500000	100.00

Shareholding Pattern as on March 31, 2008

Category	No. of Shares	%
A. Promoters Holding		
1. Promoters		
- Indian Promoters	636800	13.40
- Foreign Promoters	-	-
2. Persons acting in concert	-	-
B. Non-Promoters Holding		
3. Institutional Investors		
i. Mutual Fund	200	0.01
ii. Banks, Financial Institution Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions)	500	0.01
iii. FIs	-	-
iv. Foreign Institutional Investment (Foreign Company)	437800	9.21
4. Others	3674700	77.37
i. Private Corporate Bodies	-	-
ii. Indian Public	-	-
iii. NRIs / OBCs	-	-
iv. Any Other (Please Specify)	-	-
Total	4750000	100

KUMBHAT FINANCIAL SERVICES LIMITED

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**AUDITORS CERTIFICATE
(Under clause 49 of the Listing Agreement)****TO THE MEMBERS OF KUMBHAT FINANCIAL SERVICES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Kumbhat Financial Services Limited for the year ended on March 31, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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.

Subject to non payment of Listing Fees to the Hyderabad, and Coimbatore Stock Exchanges for the year 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007 and 2007-2008, and for Ahmedabad stock exchange for the year 2003-04 to 2007-2008, in our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that no grievance(s) is / are pending for the period exceeding one month against the Company as per the records maintained by the Investors 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 **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Date : 30th June, 2008

R. Saptagiri
Partner

KUMBHAT FINANCIAL SERVICES LIMITED

**AUDITOR'S REPORT TO THE MEMBERS OF
KUMBHAT FINANCIAL SERVICES LIMITED, CHENNAI**

We have audited the attached Balance Sheet of KUMBHAT FINANCIAL SERVICES LIMITED, CHENNAI as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatements. 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. Further as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998 vide Notification No.DFC.114/DG(SPT)-98 dated January 2nd 1998, we enclose in the Annexure a statement on the matters specified in paragraphs 3 of the said notification.
4. Further to our comments in the annexure referred to in paragraph '1' above we report that :
 - a) We have obtained all the information and explanations which to the best to our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account are in agreement with the books of accounts.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the information and explanations given to us and representations obtained by the company there are no directors of the company who, as at 31st March 2008, are disqualified under section 274(1)(g) of the Companies Act,1956, from being appointed as Directors.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said account read along with the notes thereon give the information required by the Companies Act, 1956 in the manners required and also give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31 March, 2008 and
 - ii) In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date.

for **KRISHNAN & GIRI**
Chartered Accountants

R.Saptagiri
Partner

Membership No.28623

Chennai
Date : 30th June, 2008

KUMBHAT FINANCIAL SERVICES LIMITED

**KUMBHAT FINANCIAL SERVICES LIMITED, CHENNAI
ANNEXURE REFERRED TO IN PARA '2' OF OUR REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No serious discrepancies were noticed on such verification. *None of the Fixed Assets were disposed off during the year and therefore do not affect the going concern status of the Company.*
2. The stock of Shares were physically verified by the management at the year-end. As per the information given to us, the procedure of physical verification of stocks followed by the management is in our opinion reasonable and adequate in relation to the size of the company and nature of its business.

On the basis of our examination of stock records, it is found that the same have been properly maintained and as per the explanations given to us, no material discrepancies have been noticed on physical verification as compared to book records.

3. In our opinion, the company has not taken / granted loans during the year from / to parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and in accordance with the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the company and nature of its business, for purchases of inventory and fixed assets and with regard to the sale of goods.
5. In our opinion, and according to the information and explanations given to us, there are no transactions for purchase / sale of goods, services made in purchase of contracts or arrangements required to be entered in the register maintained under section 301 of the register, aggregating during the year to Rs.5,00,000/- or more in respect of each party.
6. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from public.
7. In our opinion, the company has an internal audit system, the scope and coverage of which needs to be expanded to make it commensurate with the size and nature of its business.
8. The Company is not required to maintain any cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 as the same is not applicable to the Company.
9. According to the explanations given to us, the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 are not applicable to the Company.

KUMBHAT FINANCIAL SERVICES LIMITED

10. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Sales Tax, Customs Duty and Excise Duty as at 31st March, 2008, for a period of more than six months from the date they became payable. Further, according to the information and explanations give to us, there are no disputed statutory dues pending payment.
11. On the basis of the financial statements, the company does not have accumulated loss nor has it incurred cash loss during the year as well as in the immediately preceding financial year.
12. The Company has not issued any debentures. According to the records of the Company examined by us, the Company has not availed any term loan or working capital limits from any bank of financial institution.
13. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
14. The Company is not a Chit Fund, Nidhi, Mutual Benefit Fund or a Society. Accordingly, clause 4(xiii) of the order is not applicable.
15. According to the information and the explanations given to us and based on the records examined by us, the company is maintaining proper records in respect of the shares dealt and the said investments (subject to note on investment) have been held by the company in its own name as per the provisions of the Section 49 of the Companies Act, 1956.
16. On the basis of information and explanations given to us, the company has not given guarantee to any Bank or Financial Institution on behalf of other parties.
17. The Company has not taken any term loans. Hence clause (xvi) of para 4(A) is not applicable.
18. On the basis of our examination of the books of account and the information and explanation given to us, in our opinion, the funds raised on short term basis have not been used for long term investment.
19. The Company has not made any preferential allotment of shares to any party listed in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4(xviii) of the Order is not applicable.
20. The Company has not issued debentures. Hence, clause 4(xix) of the Order is not applicable.
21. The Company has not raised any money by way of public issues during the year. Hence clause 4(xx) of the Order is not applicable.
22. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

for **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Date : 30th June, 2008

R. Saptagiri
Partner

KUMBHAT FINANCIAL SERVICES LIMITED

**KUMBHAT FINANCIAL SERVICES LIMITED, CHENNAI
ANNEXURE REFERRED TO IN PARA '3' OF OUR REPORT OF EVEN DATE**

1. The Company had earlier received the 'Certificate of Registration' from the Reserve Bank of India, Pursuant to Section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934), which is still in force.
2. In the meeting of Board of Directors held on 31st January 2008 at the registered office of the Company, the Board of Directors has passed a resolution for non-acceptance of any public deposits.
3. The Company has not accepted any public deposits during the year.
4. During the year the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable.

for **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Date : 30th June, 2008

R. Saptagiri
Partner

KUMBHAT FINANCIAL SERVICES LIMITED**BALANCE SHEET AS**

As at 31st March 2007 Rs.	LIABILITIES	Schedule	As at 31st March 2008 Rs.
4,75,00,000	Share Capital	I	4,75,00,000
96,77,967	Reserves and Surplus	II	1,07,87,428
30,84,518	Current Liabilities and Provisions	III	33,64,568
21,05,712	Deferred Tax Liability	IV	20,73,737
<u>6,23,68,197</u>			<u>6,37,25,733</u>

(Schedules I to VI and VIII form part of this Balance Sheet)

" This is the Balance Sheet referred to in our report of even date".

for Krishnan & Giri
Chartered Accountants

Place : Chennai
Dated : 30th June 2008

R.Saptagiri
Partner

KUMBHAT FINANCIAL SERVICES LIMITED**AT 31ST MARCH 2008**

As at 31st March 2007 Rs.	ASSETS	Schedule	As at 31st March 2008 Rs.
	Fixed Assets	V	
	Gross Block		1,39,14,519
	Less : Depreciation		84,93,705
	Net Block		<u>54,20,814</u>
48,33,068	Less : Lease Adjustment Account		<u>7,68,619</u> 46,52,195
5,75,35,129	Current Assets, Loans and		
	Advances	VI	5,90,73,538
	Accounting Policies and		
	Notes on Accounts	VIII	
<u>6,23,68,197</u>			<u>6,37,25,733</u>

For Kumbhat Financial Services Limited**Shanti Kumbhat**
Managing Director**Aji Kumbhat**
Director**Kamal Raj Modi**
Director**Ganpat Raj Bagmar**
Director

KUMBHAT FINANCIAL SERVICES LIMITED**PROFIT AND LOSS ACCOUNT FOR**

Year ended 31st March 2007 Rs.	EXPENDITURE	Year ended 31st March 2008 Rs.
2,09,000	To Salary and Bonus	96,000
-	" Director Remuneration	1,10,000
17,000	" Director's Sitting fees	17,000
96,000	" Rent and Other Amenities	96,000
39,950	" Postage and Telephone Charges	11,400
43,250	" Printing and Stationery	47,500
-	" Professional and Consultancy Charges	-
14,045	" Auditors' Remuneration	-
3,371	- Towards Audit	14,045
36,000	- Towards Tax Audit	3,371
1,817	" Listing, Share Transfer Exp, Filing fees	36,000
18,950	" Demat Charges	2,000
32,550	" Travelling and Conveyance	9,700
11,000	" Vehicle Maintenance Expenses	23,500
8,788	" Advertisement Charges	42,253
1,29,095	" Financial Charges	1,910
54,683	" AGM Expense	1,20,012
2,12,931	" Miscellaneous Expenses	28,221
6,32,925	" Depreciation	1,80,873
-	" Sundries Balance W/o	8,245
77,509	" Bad Debts w/o	8,91,672
3,012	" Provision for Non Performing Assets	51,709
3,50,000	" Fringe Benefit Tax	2,435
7,04,192	" Provision for taxation	2,00,000
	" Net Profit	11,09,461
<u>26,96,068</u>		<u>31,03,307</u>
2,00,000	To Statutory Reserve	2,00,000
2,00,000	" General Reserve	2,00,000
<u>49,93,252</u>	" Surplus Carried to Balance Sheet	<u>57,02,713</u>
<u>53,93,252</u>		<u>61,02,713</u>

Schedule VII form part of this Balance Sheet

" This is the Profit and Loss Account referred to in our report of even date".

for Krishnan & Giri
Chartered Accountants

Place : Chennai
Dated : 30th June 2008

R.Saptagiri
Partner

KUMBHAT FINANCIAL SERVICES LIMITED**THE YEAR ENDED 31ST MARCH 2008**

Year ended 31st March 2007	INCOME	Schedule	Year ended 31st March 2008
Rs.			Rs.
25,95,980	" Interest Income		30,09,502
11,440	" Dividend		2,600
-	" Profit on trading in Shares		
47,694	and Securities	VII	31,721
-	" Provision for Non Performing Assets Written back		27,509
40,954	" Deffered Tax Asset		31,975
<u>26,96,068</u>			<u>31,03,307</u>
46,89,060	By Balance b/f		49,93,252
7,04,192	" Net Profit		11,09,461
<u>53,93,252</u>			<u>61,02,713</u>

For Kumbhat Financial Services Limited**Shanti Kumbhat**
Managing Director**Aji Kumbhat**
Director**Kamal Raj Modi**
Director**Ganpat Raj Bagmar**
Director

KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE FORMING PART OF THE ACCOUNTS

	As at 31st March 2008 Rs.	As at 31st March 2007 Rs.
SCHEDULE I : SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000	100,00,000
Issued, Subscribed and Paid up		
47,50,000 Equity Shares of Rs.10/- each	4,75,00,000	4,75,00,000
SCHEDULE II : RESERVES AND SURPLUS		
Statutory Reserve		
As per last Balance Sheet	24,65,000	
Add : Transfer from Profit and Loss Appropriation Account	2,00,000	26,65,000
General Reserve		
As per last Balance Sheet	22,19,715	
Add : Transfer from Profit and Loss Appropriation Account	2,00,000	24,19,715
Surplus as shown in the Profit and Loss Account	57,02,713	49,93,252
	<u>1,07,87,428</u>	<u>96,77,967</u>
SCHEDULE III : CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities :		
Sundry Creditors for Expenses	2,52,517	1,99,102
(A)	<u>2,52,517</u>	<u>1,99,102</u>
(B) Provisions :		
for Taxation	12,07,217	10,04,782
" Non Performing Assets	19,04,834	18,80,634
(B)	<u>31,12,051</u>	<u>28,85,416</u>
(A)+(B)	<u>33,64,568</u>	<u>30,84,518</u>
SCHEDULE IV : DEFERRED TAX LIABILITY		
Deferred Tax	20,73,737	21,05,712

SCHEDULE V : FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2007	ADDITIONS	As at 31.03.2008	UPTO 31.03.2007	FOR THE YEAR	UPTO 31.03.2008	AS AT 31.03.2008	AS AT 31.03.2007
A. Assets for own use								
Office Equipments	12750		12750	11901	154	12055	696	850
Computers	234050		234050	233060	396	233456	594	989
Vehicles	234136		234136	227832	1624	229456	4680	6304
Plant & Machinery	1018480		1018480	260179	0	260179	758301	758301
Water Polution	4700000		4700000	1111644	0	1111644	3588356	3588356
Control Equipments (A)	6199416		6199416	1844616	2174	1846790	4352627	4354800
B. Assets Given on Lease								
Vehicles	1028084		1028084	983187	11623	994810	33274	44897
Plant & Machinery (B)	6687019		6687019	5485029	167076	5652105	1034914	1201990
	7715103		7715103	6468216	178699	6646915	1068188	1246887
Total (A) + (B)	13914519		13914519	8312832	180873	8493705	5420815	5601687
Previous year Figures	13914519	Nil	13914519	8099901	212931	8312832	5601687	5814618

Note : 1. Depreciation has been provided on 'Written Down Value' method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956

KUMBHAT FINANCIAL SERVICES LIMITED**SCHEDULE VI : CURRENT ASSETS, LOANS AND ADVANCES****A. Current Assets**

Stock in trade (at lower of the cost or market value as certified by the Managing Director)	22,35,235	21,97,250
--	------------------	-----------

I. QUOTED SHARES (Fully paid)

	No. of Shares	Face Value Rs.	Amount
APPLE CREDIT CORPORATION LIMITED	8,000	10	1,200
BIOFIL CHEMICAL & PHARMACEUTICALS	1,000	10	7,500
CAUVERY SOFTWARE ENGINEERING	1,000	10	500
SQUARED BIO LTD	500	10	7,500
ITIL	3,000	10	12,000
SESA GOALTD*	100	10	50,000
SAAG RR INFRA LTD*	6,000	10	90,000
SHASUN CHEMICALS & DRUGS LTD	2,000	10	1,98,900
RANBAXY LABORATORY	400	10	1,67,635
			5,35,235

* held in the name of Director

II. UNQUOTED SHARES (Fully paid)

P G Nahar	5,000	10	5,00,000
Hudson Software Pvt Ltd	12,000	10	12,00,000
			22,35,235

KUMBHAT FINANCIAL SERVICES LIMITED

Sundry Debtors

(Unsecured and considered good for which the company holds no security other than the debtors personal security)

(More than six months)	18,89,936	14,96,202
(Less than six months)	14,25,000	-

Lease Rent Receivable

(Secured & Considered good - Secured by the asset/s given on Lease under respective lease agreements)

(More than six months)	15,78,793	15,78,793
(Less than six months)	-	-

Cash and Bank Balances

- Cash on hand	4,34,943	796
- Balance with Schedule Banks		
- Current Accounts	3,78,292	31,92,588

(A)	79,42,199	84,65,629
-----	-----------	-----------

A. Loans and Advances

Loans

(Unsecured, Considered Good)

(More than six months)	3,85,69,675	4,11,99,657
(Less than six months)	86,62,161	40,86,245

Advances recoverable in cash or in kind or for value to be received

	28,74,406	28,74,406
--	-----------	-----------

Advance payment of Tax (including T.D.S.)

	10,25,097	9,09,193
--	-----------	----------

(B)	5,11,31,339	4,90,69,501
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TOTAL

(A)+(B)	5,90,73,538	5,75,35,129
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KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE VII : PROFIT ON TRADING IN SHARES AND SECURITIES

Sales		3,36,619	11,46,849
Add : Closing Stock		<u>22,35,235</u>	<u>21,97,250</u>
	(A)	<u>25,71,854</u>	<u>33,44,099</u>
Purchases		3,42,883	4,48,580
Add : Opening Stock		<u>21,97,250</u>	<u>28,47,825</u>
	(B)	<u>25,40,133</u>	<u>32,96,405</u>
Profit on Trading in Shares & Securities	(A-B)	31,721	47,694

KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE VIII : SIGNIFICANT ACCOUNTING POLICIES 1. ACCOUNTING CONVENTION:

1. The accounts have been prepared under the historical cost convention.
2. Income and Expenditure recognition :
 - a) Lease Income is accounted as per the terms of the respective lease agreements.
 - b) Interest on loans are accounted on accrual basis.
 - c) Dividend on shares and other incomes are accounted on receipt basis.
 - d) All expenditure are accounted on accrual basis.
3. The Company has followed the prudential norms as prescribed by the Reserve Bank of India under Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions 1998 as amended from time to time.
4. Depreciation / Amortisation policy : Depreciation on assets is provided on the Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

The Cost of the leased assets is amortised during the lease period, for all the assets acquired since inception, as recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by the Institute of Chartered Accountants of India.

Depreciation has not been provided on repossessed assets pending the sale and / or realization of the assets since the assets are not put into use after such repossession.
5. Valuation of Fixed Assets :
Fixed Assets are carried at historical cost less accumulated depreciation.
6. Inventory of Shares :
Shares and Securities are valued at Cost or market price whichever is lower.
7. Compliance with Accounting Standards :
Appropriate Accounting Standards have been duly considered while preparing the financial and other statements.
8. Related Party Disclosure pursuant to AS 18

-	Towards Rent -	Kumbhat & Co., -	Rs.96,000/-
-	Director's Remuneration		Rs.110000/-
9. Earnings per share (EPS) as per AS 20

	(Rs. In Lakhs)	
	2007-2008	2006-07
(i) Profit after tax / Profit attributable to ordinary share holder	11.09	7.04
(ii) No.of Shares for EPS	47,50,000	47,50,000
(iii) Nominal Value of Ordinary Share	Rs.10	Rs.10
(iv) Basic Earnings per share	Re.0.23	Re.0.15
10. Accounting for Taxes on Income (AS 22)
Deferred Tax Assets / Liability is recognized as per Accounting Standard AS 22 on 'Accounting for taxes on Income' issued by The Institute of Chartered Accountants of India.

KUMBHAT FINANCIAL SERVICES LIMITED**NOTES ON ACCOUNTS**

1. Contingent Liabilities. : Nil
2. **MANGERIAL REMUNERATION :**

	31.03.2008	31.03.2007
Director Sitting Fees	17,000.	17,000
3. Other information pursuant to paragraph 4C and 4D of part II Schedule VI to the Companies Act, 1956 is not applicable to the Company.
4. **INFORMATION IN RESPECT OF OPENING STOCK, PURCHASES, SALES AND CLOSING STOCK OF SHARES TRADED IN :**

ACCOUNTING YEAR ENDED	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
31 st March 2008	41800	21.97	1500	3.42	4300	3.36	39000	22.35
31 st March 2007	40940	28.47	21502	4.48	20642	11.47	41800	21.97

5. Figures for the previous period have been regrouped / rearranged wherever necessary.
6. Figures have been rounded off to the nearest rupee.

for **KRISHNAN & GIRI**
Chartered Accountants

for **Kumbhat Financial Services Limited**

R.Saptagiri
Partner

Shanti Kumbhat
Managing Director

Kamal Raj Modi
Director

Place : Chennai
Date : 30th June, 2008

Ajit Kumbhat
Director

Ganpat Raj Bagmar
Director

KUMBHAT FINANCIAL SERVICES LIMITED**SCHEDULE**

As required in terms of paragraph 9BB of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

1. Borrower group-wise classification of all Land Assets.

Category	Amount of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the Sale Group	Nil	Nil	Nil
(c) Other related Parties	Nil	Nil	Nil
2. Other than related parties	1068188		1068188
Total	1068188		1068188

2. Borrower group-wise classification of all loans and advances

Category	Amount of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the Sale Group	Nil	Nil	Nil
(c) Other related Parties	Nil	7460759	7460759
2. Other than related parties	Nil	38569675	38569675
Total	Nil	47231836	47231836

1. Other Information.

Particulars	Amount
1. Gross Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	6529353
2. Net Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	4624519
3. Assets acquired in satisfaction of debt	

KUMBHAT FINANCIAL SERVICES LIMITED

**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI
TO THE COMPANIES ACT, 195
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details																			
Registration No.	2	4	4	3	3	State Code	1	8											
Balance Sheet Date	3	1	0	3	2	0	0	8											
II. Capital Raised during the year (Amount in Rs. Thousands)																			
Public Issue						Right Issue													
Bonus Issue						Private Placement													
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)																			
Total Liabilities					6	0	3	6	1	Total Assets					6	0	3	6	1
Sources of Funds																			
Paid up Capital					4	7	5	0	0	Reserves & Surplus					1	0	7	8	7
Secured Loans										Unsecured Loans									
Application of Funds																			
Net Fixed Assets					4	6	5	2	Investments										
Net Current Assets					5	5	7	0	9	Misc. Expenditure									
Deferred tax liability					2	0	7	4											
IV. Performance of the Company (Amount in Rs. Thousands)																			
Turnover					3	1	0	3	Total Expenditure						1	7	9	1	
Profit/Loss Before Tax					1	3	1	2	Profit/Loss After Tax						1	1	0	9	
Earning Per Share in Rs.					0	2	3	Dividend Rate %						--	--				
V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms)																			
Item Code No. (ITC Code)	N	.	A	.															
Product Description	F	I	N	A	N	C	E												
Item Code No. (ITC Code)	N	.	A	.															
Product Description	L	E	A	S	I	N	G	O	F	A	S	S	E	T	S				
Item Code No. (ITC Code)	N	.	A	.															
Product Description	H	I	R	E	P	U	R	C	H	A	S	E							

KUMBHAT FINANCIAL SERVICES LIMITED**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET PURSUANT
TO CLAUSE 32 OF THE LIST AGREEMENT**

	31st March 2008 Rs.	31st March 2007 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit	1109461	704192
Adjustment for		
Provision for Income Tax	200000	350000
Provision for Non Performing Assets	24200	77509
Depreciation	180873	212930
Deferred Tax	(31975)	(40954)
Priliminary Expenses Written off	0	0
	373098	599485
Operating profit before working capital changes	1482559	1303677
<u>Changes in Working Capital</u>		
Increase in Loans	(1945934)	(2739228)
Decrease/(Increase) in Sundry Debtors	(1818732)	481690
Payment of Income Tax	(113469)	(448723)
Increase in Current Liabilities	53415 (3824720)	14416 (2691846)
NET CASH FLOW FROM OPERATING ACTIVITIES	(2342161)	(1388169)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Decrease/(Increase) in Stock-in-trade	(37985)	650575
NET CASH FLOW FROM INVESTING ACTIVITIES	(37985)	650575
Net Decrease in Cash and Bank Balance	(2380146)	(737594)
Opening Cash and Bank Balance	3193384	3930979
Closing Cash and Bank Balance	813235	3193384

Chennai
Date : 30th June, 2008

For and on behalf of the Board

Shanti Kumbhat
Managing Director

Auditors' Report

We have verified the attached Cash Flow Statement of Kumbhat Financial Services Limited, derived from audited financial statements and the books and records maintained by the Company for the years ended 31st March 2008 and 31st March 2007 and found the same in agreement therewith.

for **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Date : 30th June, 2008

R. Saptagiri
Partner



KUMBHAT FINANCIAL SERVICES LIMITED

KUMBHAT FINANCIAL SERVICES LIMITED
Registered Office : 144, N.S.C. Bose Road, Chennai – 600 079.

PROXY FORM

I/We _____ of _____

being a Member / Members of KUMBHAT FINANCIAL SERVICES LIMITED hereby appoint

_____ of _____ or

failing him _____

for me / us on my / our behalf at the 15th ANNUAL GENERAL MEETING of the said Company to be

held on Tuesday, 30th September, 2008 at 09.15 A.M. at Anna Auditorium, ASI Convention Centre,

No.18, Swamy Sivananda Salai, Chepauk, Chennai – 600 005, and at any adjournment there of.

Signed this _____ day _____ of 2008

Signature(s) of the Member(s) _____

Folio No. _____



N.B. (i) This proxy must be deposited at the Registered Office of the Company, not latter than 48 hours before the time of the meeting. A proxy need not be a member of the Company. Shareholder / Proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting and handover the same at the entrance duly signed.

.....TEAR HERE.....

KUMBHAT FINANCIAL SERVICES LIMITED
Registered Office : 144, N.S.C. Bose Road, Chennai – 600 079.

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall hereby record my presence at the 15th ANNUAL GENERAL MEETING at Anna Auditorium, ASI Convention Centre, No.18, Swamy Sivananda Salai, Chepauk, Chennai – 600 005, on Tuesday, the 30th September 2008 at 09.15 A.M.

Name of the Member _____

Folio No. _____

Name of Proxy / Representation (In Block Letter) _____

(To be filled in the Proxy attends instead of the Member)

Signature of the Member / Proxy present _____

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PRINTED MATTER

To

If undelivered please return to :

KUMBHAT FINANCIAL SERVICES LIMITED

144, N.S.C. Bose Road, Chennai - 600 079.