

KFSL

KUMBHAT FINANCIAL SERVICES LIMITED

KFSL

**18th Annual Report
2010 - 2011**

KUMBHAT FINANCIAL SERVICES LIMITED

Board of Directors:

Sri. SHANTI KUMBHAT
Managing Director

Sri. AJIT KUMBHAT

Sri GANPAT RAJ BAGMAR

Sri. RAMADADRAN

Smt. UMAMAHESWARI

Registered Office:

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

Bankers:

Central Bank of India
The Laxmi Vilas Bank Ltd.,
Canara Bank

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 Eighteenth Annual General Meeting of the members of the Company will be held on Tuesday, the 27th September 2011 at 09.15A.M. at Bhartiya Vidhya Bhavan New No.18,20,22 East Mada Street, Mylapore, Chennai-600004 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2011 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.Shanti Kumbhat, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sri.Ganpat Raj Bagmar, who retires by rotation, and being eligible, offer himself for re-appointment.

SPECIAL BUSINESS :

4. To pass the following resolution as an ordinary resolution:
"Resolved that Ms. Umamaheswari be and is hereby appointed as a Director of the Company"
5. To appoint Auditors and fix their remuneration. The retiring auditors, M/s.Krishnan & Giri, Chartered Accountants, Chennai, are eligible for reappointment.

By Order of the Board

Registered Office :
144, N.S.C. Bose Road,
Chennai – 600 079.
Date : **19th August, 2011**
Director

Shanti Kumbhat
Managing

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 19, 2011 to September 27, 2011 (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. SHANTI KUMBHAT

Born on 15th July 1943, Sri. Shanthi Kumbhat has been associated with the company from its promotion stage onwards and he is on the board of the company since 18th February 1993. He became the Managing director of the company with effect from 1st November 1994.

Sri. Shanthi Kumbhat is also a director in the board of Kumbhat Electricals pvt. Ltd. Litaski Electricals Pvt. Ltd., Jain Spices and Pickles Ltd, Kumbhat housing and constructions Pvt. Ltd., Electrical Fittings and equipments (Madras) Pvt. Ltd.

B. UMAMAHESWARI

Born on 24th July 1977 Ms. Umamaheswari is a Post Graduate in Commerce and has been the C.E.O of the Company since three years.

EXPLANATORY STATEMENT

Item No.4 : Special Business

Ms. Umamaheswari was appointed as an additional director of the Company at the meeting of the Board of Director of the Company held on 19th August, 2011, to hold office till the conclusion of this Annual General Meeting. Her appointment as director is recommended for your approval. Notice from a member proposing the appointment of Ms. Umamaheswari has been received.

By Order of the Board
Registered Office:
144, N.S.C. Bose Road,
Chennai – 600 079.
Date: 19th August, 2011

Shanti Kumbhat
Managing Director

KUMBHAT FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report and Audited Statements of Account for the Financial year ended March 31, 2011.

With profound grief, your Directors inform you about the untimely demise of Director, Late Kamal Raj Modi. His contribution to the company has been immense and we at the board feel absence of his wise counsel. It is a loss which cannot be made good.

FINANCIAL RESULT :

	Current Year March 31, 2011 (Rs. In Lakhs)	Previous Year March 31, 2010 (Rs. In Lakhs)
Income from Operations	28.80	28.90
Profit before Depreciation And Provision for taxation	12.88	9.93
Less : Depreciation	<u>1.38</u>	<u>1.56</u>
	11.50	8.37
Less : Provision for taxation	<u>3.02</u>	<u>1.00</u>
Net Profit	8.48	7.37
Add : Previous year's surplus	<u>62.61</u>	<u>59.25</u>
Amount available for appropriations	<u>71.01</u>	<u>66.62</u>

Appropriations :

Transfer to Statutory Reserve	2.00	2.00
Transfer to General Reserve	2.00	2.00
Surplus carried to Balance Sheet	<u>67.09</u>	<u>62.62</u>
	<u>71.09</u>	<u>66.62</u>

PERFORMANCE:

During the year the Company achieved a Gross Income of Rs.28.80 lakhs as compared to Rs.28.90 lakhs during the previous year. The Profit before depreciation and tax of the Company stood at Rs.11.50 lakhs. as against Rs.8.37 lakhs for the previous year. 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.8.48 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.4.48 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 Shanti Kumbhat retires at the end of this Annual General Meeting and being eligible, offers himself for re-appointment.

Ms. Umamaheswari was appointed as a director at the Board Meeting held on 19th August 2011 in the casual vacancy caused by the death of Shri. Kamal Raj Modi and her appointment as additional director is sought at this Annual General Meeting.

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 intense competition and there by resulting in reduction and interest rate. The directors are of the opinion that the same trend will continue in the coming years.

COMPLIANCE CERTIFICATE

The Company has obtained Compliance Certificate for the Year ended 31.03.2011 From Mr. Murugan Practicing Company Secretary.

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 all employees of the company.

For and On behalf of the Board

Chennai
Date: 19th August 2011

Shanti Kumbhat **Ajit Kumbhat**
Managing Director Director

KUMBHAT FINANCIAL SERVICES LIMITED

CEO/CFO CERTIFICATION FOR THE FINANCIAL YEAR 31ST MARCH 2011

We, Shanti Kumbhat, Managing Director, Ajit Kumbhat, Director of M/s. Kumbhat Financial Services Limited, hereby certify to the Board that we

- a. have reviewed financial statements and the cash flow statement for the year ended 31st March, 2011 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which they become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

By order of the Board

Place : Chennai
Date : 19th August 2011.

Shanti Kumbhat **Ajit Kumbhat**
Managing Director Director

DECLARATION ON CODE OF CONDUCT

I hereby declare that the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year 31st March, 2011.

By order of the Board

Place : Chennai
Date : 19th August 2011.

Shanti Kumbhat
Managing Director

KUMBHAT FINANCIAL SERVICES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. **Industry structure and developments:** The Indian economy has fared relatively better in the current global scenario. Various measures like stimulus packages announced by the Government have made an impact and there are already signs of recovery in select segments of industrial sector. The GDP for the past year is estimated at 6.8% though slightly lower than the earlier estimate of 7.4%. the strategy designed few years ago is being continued with caution, the disbursements being restricted to existing as well as well known worthy / good clients. The Directors are confident of showing improved results during this year. The company has put into effect economy measures consistent with the need to continue the operations on a moderate scale with efficiency and promptness.
2. **Opportunities and Threats:** With the economy is recovering better than the projection, the opportunity for the business would be well accepted by the prospective clients and the company is ready to accept any kind of challenges that may arise due to global threat which has an impact in the field of finance.
3. **Segment-wise or product-wise performance:** There is no segment wise performance as the company is only in the financing activity. The performance is furnished in the Directors Report.
4. **Outlook :** The company has put into effect economy measures consistent with the need to continue the operations on a moderate scale with efficiency and promptness.
5. **Risks and concerns :** The company is exposed to normal industry risk factor such as interest rate, volatility, economic cycle and credit risk. However, the company manages these risks by adopting prudent business and risk management policies
6. **Internal control systems and their adequacy:** The company has got adequate system of internal controls and the management ensures adherence to all internal control practices and procedures. The Audit committee critically reviews periodically the adequacy of internal controls and suggests control measures for further improvement / transparency.
7. **Discussion on financial performance** with respect to operational performance has already been spelt out in the Balance Sheet under caption "Directors Report".
8. **Material developments In Human Resources / Industrial Relations front, including number of people employed :** There was no change in the Human Resources or industrial relations front in the company for the financial year ended 31st March, 2011.

The Senior Management have declared to the Board that none of them have anything related to material, financial and commercial transactions, where they have personal interest, that may have potential conflict with the interest of the company at large.

By order of the Board

Shanti Kumbhat
Managing Director

Place : Chennai
Date : 19th August, 2011

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 5 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	8	100	Yes
Sri Kamal Raj Modi	Director	4	50	Yes
Sri Ganpat Raj Bagmar	Director	8	100	Yes
Sri Ramabadrans	Director	8	100	Yes

There were eight 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 Ramabadran 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 2010-11 and the attendance of each member of the committee is given below.

No.	Name of the Director	No.of Meetings attended	% of Total Meetings attended
1	Ganpat Raj Bagmar	4	100
2	Ramabadran	4	100
3	Ajit Kumbhat	4	100
4	Kamal Raj Modi	2	50

4. Remuneration to Directors

- a) Remuneration to Directors included Rs. 150000/- paid to the Managing Director.
- b) Details of payments to Non-Executive Directors during the financial year 2010-11 are given below.

No.	Name of the Director	Sitting Fee for Board Meetings & Committee Meetings	Commission
1.	Ganpat Raj Bagmar	4000	Nil
2.	Ajit Kumbhat	5000	Nil
3.	Kamal Raj Modi	4000	Nil
4.	Ramabadran	4000	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 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 01.04.2010 to 31.03.2011 were 25 transfers for shares and 3 transmission for 8500 Shares.

6. General Body Meetings

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

a. Details of the location of the past three AGMs

1. Financial Year 2009 – 2010 : Anna Auditorium
ASI Convention Center
No.18, Swami Sivananda Salai,
Chepauk, Chennai – 600 005.
2. Financial Year 2008 – 2009 : Anna Auditorium
ASI Convention Center
No.18, Swami Sivananda Salai,
Chepauk, Chennai – 600 005.
3. Financial Year 2007 – 2008 : 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	2002-2003 to 2010-2011
Ahmedabad Stock Exchange	2002-2003 to 2010-2011
Coimbatore Stock Exchange	2002-2003 to 2010-2011

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 displayed on Website.
Whether it is also displayed in Official Newspaper	:	No
Presentation made to institutional investors: or to 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	:	27 th September 2011.
Time	:	9.15 A.M.
Venue	:	Bhartiya Vidhya Bhavan New No.18,20,22 East Mada Street Mylapore Chennai-600004

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 19 to September 27, 2011 (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 – 526869
Madras Stock Exchange	:	KFS
Hyderabad Stock Exchange	:	KFS
Coimbatore Stock Exchange	:	21108
Ahmedabad Stock Exchange	:	KUMBHATFIN – 31609
ISIN Number for NSDL & CDSL	:	INE795E01019
Stock Price Data	:	Shares were not quoted in any Exchange 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' Grievance 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 pattern as on March 31, 2011	:	As per Annexure – A

KUMBHAT FINANCIAL SERVICES LIMITED

Dematerialisation of Shares and Liquidity	:	26.10% of the paid-up capital has been dematerialized as on March 31, 2011
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, 2011

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, 2011

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)	-	-
4. Others		
i. Private Corporate Bodies	437800	9.21
ii. Indian Public NRIs / OBCs	3674700	77.37
iii. Any Other (Please Specify)	-	-
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, 2011 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, Ahmedabad and Coimbatore Stock Exchanges for the year 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-08, 2008-2009, 2009-10 and 2010-11 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 : 19th August, 2011

R. Saptagiri
Partner
M No: 38623
Firm No : 001512S

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, 2011 the Profit and Loss Account and the cash flow statement 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 , Profit and Loss Account and cash flow statement are in agreement with the books of accounts.
 - d) In our opinion, the the Balance Sheet, Profit and Loss Account and Cash flow statement 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 2011, 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 31st March, 2011 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.
 - iii) In so far as it relates to the Cash flow statement, of the cash flow for the year ended on that date.

Chennai
Date : 19th August, 2011.

for **KRISHNAN & GIRI**
Chartered Accountants

R.Saptagiri
Partner
Membership No.38623
Firm No:001512S

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 does have an an internal audit system, the scope and coverage of which needs to be strengthened 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.

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, 2011, 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.

KUMBHAT FINANCIAL SERVICES LIMITED

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 : 19th August 2011

R. Saptagiri
Partner
M No: 38623
Firm No: 001512S

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 04th February 2011 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 : 19th August, 2011

R. Saptagiri
Partner
M No : 38623
Firm Regn No:001512S

KUMBHAT FINANCIAL SERVICES LIMITED**BALANCE SHEET AS**

As at 31st March 2010 Rs.	LIABILITIES	Schedule	As at 31st March 2011 Rs.
4,75,00,000	Share Capital	I	4,75,00,000
1,21,46,701	Reserves and Surplus	II	1,29,94,676
27,58,266	Current Liabilities and Provisions	III	16,00,619
20,15,860	Deferred Tax Liability	IV	19,89,160
<u>6,44,20,827</u>			<u>6,40,84,455</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 : 19th August 2011

R.Saptagiri
Partner
M No: 38623
Firm Regn No:001512S

KUMBHAT FINANCIAL SERVICES LIMITED**AT 31ST MARCH 2011**

As at 31st March 2010 Rs.	ASSETS	Schedule	As at 31st March 2011 Rs.
	Fixed Assets	V	
	Gross Block		1,40,03,438
	Less : Depreciation		89,41,897
	Net Block		<u>50,61,541</u>
44,31,036	Less : Lease Adjustment Account		<u>7,68,619</u> 42,92,922
5,99,89,792	Current Assets, Loans and		
	Advances	VI	5,97,91,533
	Accounting Policies and		
	Notes on Accounts	VIII	
<u>6,44,20,827</u>			<u>6,40,84,455</u>

For Kumbhat Financial Services Limited

Shanti Kumbhat
Managing DirectorRamabadran
DirectorPlace : Chennai
Dated : 19th August 2011Umamaheswari
DirectorAjit Kumbhat
DirectorGanpat Raj Bagmar
Director

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

Year ended 31st March 2010 Rs.	EXPENDITURE	Year ended 31st March 2011 Rs.
1914408	To Opening Stock	2329130
-	" Purchase	-
204000	" Salary and Bonus	264000
210000	" Director Remuneration	210000
17000	" Director's Sitting fees	17000
96000	" Rent and Other Amenities	96000
34816	" Postage and Telephone Charges	32655
42473	" Printing and Stationery	115470
	" Auditors' Remuneration	
17648	- Towards Audit	17648
77895	" Listing, Share Transfer Exp & Filing fees	169528
1655	" Demat Charges	-
22431	" Travelling and Conveyance	21500
20850	" Advertisement Charges	14900
31639	" Financial Charges	15565
97000	" AGM Expense	95507
20000	" Miscellaneous Expenses	22797
156144	" Depreciation	138114
1537690	" Bad Debts w/o	1508171
154698	" Provision for Non Performing Assets	32750
3569	" Provision for Gratuity	16971
0	" Income Tax (Earlier Year)	152011
100000	" Provision for taxation	150000
736781	" Net Profit	847975
<u>3103307</u>		<u>3938561</u>
200000	To Statutory Reserve	200000
200000	" General Reserve	200000
<u>6261986</u>	" Surplus Carried to Balance Sheet	<u>6709961</u>
<u>6661986</u>		<u>7109961</u>

Schedule VII form part of this Balance Sheet

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

Place : Chennai
Dated : 19th August 2011**for Krishnan & Giri**
Chartered Accountants**R.Saptagiri**

Partner

M No: 38623

Firm Regn No:001512S

KUMBHAT FINANCIAL SERVICES LIMITED**THE YEAR ENDED 31ST MARCH 2011**

Year ended 31st March 2010 Rs.	INCOME	Schedule	Year ended 31st March 2011 Rs.
-	By Sales		-
2329130	" Closing Stock		2226070
2888451	" Interest Income (TDS Rs.45550/-)		2873743
1325	" Dividend		6616
255220	" Provision for Non performing Assets written back		1134562
-	" Excess provision for taxation relating to earlier year written back		-
22571	" Deffered Tax Asset		26700
<u>5496697</u>			<u>6267691</u>
5925205	By Balance b/f		6261986
736781	" Net Profit		847975
<u>6661986</u>			<u>7109961</u>

For Kumbhat Financial Services Limited**Shanti Kumbhat**
Managing Director**Ajit Kumbhat**
Director**Ramabadrn**
Director**Ganpat Raj Bagmar**
Director**Umamaheswari**
Director

KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE FORMING PART OF THE ACCOUNTS

	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
SCHEDULE I : SHARE CAPITAL		
Authorised		
1,00,00,000 Equity Shares of Rs. 10/- each	10,00,00,000	10,00,00,000
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	30,65,000	
Add : Transfer from Profit and Loss		
Appropriation Account	<u>2,00,000</u>	32,65,000
General Reserve		
As per last Balance Sheet	28,19,716	30,65,000
Add : Transfer from Profit and Loss		
Appropriation Account	<u>2,00,000</u>	28,19,715
Surplus as shown in the Profit and Loss Account	67,09,961	62,61,986
	<u>1,29,94,676</u>	<u>1,21,46,701</u>
SCHEDULE III : CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities :		
Sundry Creditors		
for Expenses	72,270	2,97,076
Other Liabilities	1,59,208	1,57,208
	<u>(A) 2,31,478</u>	<u>4,54,284</u>
(B) Provisions :		
for Taxation	3,52,627	2,02,627
" Gratuity	46,540	29,569
" Non Performing Assets	9,69,974	20,71,786
	<u>(B) 13,69,141</u>	<u>23,03,982</u>
	<u>(A)+(B) 16,00,619</u>	<u>27,58,266</u>
SCHEDULE IV : DEFERRED TAX LIABILITY		
Deferred Tax	19,89,160	20,15,860

KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE V : FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2010	ADDITIONS	As at 31.03.2011	UPTO 31.03.2010	FOR THE YEAR	UPTO 31.03.2011	ASAT 31.03.2011	ASAT 31.03.2010
A. Assets for own use								
Office Equipments	12750		12750	12284	84	12368	382	466
Computers	322970	0	322970	258490	25913	284403	38567	64480
Vehicles	234136		234136	231561	667	232228	1908	2575
Plant & Machinery	1018480		1018480	260179	0	260179	758301	758301
Water Pollution Control Equipments	4700000		4700000	1111644	0	1111644	3588356	3588356
(A)	6288336	0	6288336	1874158	26664	1900822	4387514	4414178
B. Assets Given on Lease								
Vehicles	1028084		1028084	1009809	4731	1014540	13544	18275
Plant & Machinery	6687018		6687018	5919816	106719	6026535	660483	767202
(B)	7715102		7715102	6923625	111450	7041075	674027	785477
Total (A) + (B)	14003438	0	14003438	8803783	138114	8941897	5061541	5199655
Previous year Figures	13914518	88920	14003438	8647639	156144	8803783	5199655	5266880

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)	22,26,070	23,29,130
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I. QUOTED SHARES (Fully paid)

	No. of Shares	Face Value Rs.	Amount
APPLE CREDIT CORPORATION LIMITED	8,000	10	-
BIOFIL CHEMICAL & PHARMACEUTICALS	1,000	10	36100
CAUVERY SOFTWARE ENGINEERING	1,000	10	-
SQUAREDBIO LTD	500	10	-
ITIL	3,000	10	70,600
SESA GOALTD *	100	10	29,040
SAAG RR INFRA LTD*	6,000	10	1,35,300
SHASUN CHEMICALS & DRUGS LTD	2,000	10	1,03,900
RANBAXY LABORATORY	400	10	1,77,620
SUJANA METALS	500	10	3,600
SUJANA TOWERS LIMITED	500	10	2,400
			<u>5,26,070</u>

* held in the name of Director

II. UNQUOTED SHARES (Fully paid)

P G Nahar	5,000	100	5,00,000
Hudson Software Pvt Ltd	1,20,000	10	12,00,000
			<u>22,26,070</u>

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)	15,13,652	28,13,652
(Less than six months)	-	6,50,000

Lease Rent Receivable

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

(More than six months)	12,90,104	15,78,793
(Less than six months)	-	-

Cash and Bank Balances

- Cash on hand	7,76,781	40,132
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- Balance with Schedule Banks

- Current Accounts	11,12,034	14,81,785
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(A)	<u>69,18,641</u>	<u>88,93,491</u>
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A. Loans and Advances**Loans**

(Unsecured, Considered Good)

(More than six months)	4,65,66,846	4,58,12,960
(Less than six months)	26,22,000	16,44,844

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.)

8,09,640	7,64,090
----------	----------

(B)	<u>5,28,72,892</u>	<u>5,10,96,300</u>
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TOTAL

(A)+(B)	<u>5,97,91,533</u>	<u>5,99,89,792</u>
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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 for on accrual basis.
 - c) Dividend on shares and other incomes are accounted for on receipt basis.
 - d) All items of expenditure are accounted for 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. Retirements Benefits:

Retirement benefits are accounted for on Accrual basis as per Revised Accounting Standard -15 on the basis of actuarial valuation.
9. 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 :**

	31.03.2011	31.03.2010
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 YEARENDED	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
	QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
31 st March 2011	40000	19.14	NIL	NIL	NIL	NIL	40000	19.14
31 st March 2010	40000	19.14	NIL	NIL	NIL	NIL	40000	19.14

5. **Employee benefits Obligations:**
 - (i) **Defined contribution plans:**
The benefits of the defined contribution plan in the form of provident fund is not applicable to the company.
 - (ii) **Defined Benefit Plans:**
The company offers its employees defined benefit plans in the form of gratuity (a lump sum amount). Benefits under the defined benefit plans are based on years of service and the employees last drawn salary immediately before exit. The gratuity scheme covers substantially all regular employees. However the company has not created any fund in accordance with the scheme. Commitments are actuarially determined at year end. On adoption of the revised Accounting Standard (AS 15) on "Employee Benefits" notified under the Companies (Accounting Standards) Rules, 2006, actuarial valuation is done based on "Projected Unit Credit Method". Gains and loss of changed actuarial assumptions are charged to Profit & Loss Account. The obligation for leave Encashment benefits is not recognized.

KUMBHAT FINANCIAL SERVICES LIMITED

The net value of the defined benefit commitment is detailed below:

Obligation	Gratuity (Non funded)	
	As at 31.03.2011 Rs	As at 31.03.2010 Rs
Present value of obligation	46,540	29,569
Fair Value of Plan Assets	Nil	Nil
Net Liability recognized in the Balance Sheet	46,540	29,569

Plan Assets	Gratuity (Non funded)	
	As at 31.03.2011 Rs	As at 31.03.2010 Rs
Opening Balance	Nil	Nil
Expected Return	Nil	Nil
Contributions by the company	Nil	Nil
Benefits paid	Nil	Nil
Actuarial Gain	Nil	Nil
Closing balance 31.03.11	Nil	Nil

The company has not created any fund into which contributions are made. Hence furnishing of information on Return on Plan Assets does not arise.

Expense recognized in the Profit & Loss Account	Gratuity (Non funded)	
	Year ended 31.03.11 Rs	Year Ended 31.03.10 Rs.
Current Service Cost	16149	5613
Interest Cost	2366	2114
Expected Return on Plan Assets	Nil	Nil
Benefits paid directly	Nil	Nil
Net Actuarial (Gain)/loss	(1544)	(4158)
Expense charged to Profit & Loss Account	16971	3569

Actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions, which if changed, would affect the defined benefit commitment's size.

	Gratuity (Non funded) Year ended 31.03.2011
Rate of Discount applied	8%
Expected Salary Escalation	5%
Expected Return on plan assets	Does not arise
Mortality table used	LIC (1994-96) Ultimate Mortality Table

KUMBHAT FINANCIAL SERVICES LIMITED

The Institute of Chartered Accountants of India, in May 2007 released its Guidance on the implementation of the Revised Accounting Standard on 'Employee Benefits' (AS 15 Revised 2005). The present value of the obligation, Actuarial assumptions and its charge to the Profit & Loss Account and has been adopted by the company in the financial year 2010-11.

6. Related Party Disclosure pursuant to AS 18
- | | | |
|---------------------------|------------------|-------------|
| - Towards Rent - | Kumbhat & Co., - | Rs.96,000/- |
| - Director's Remuneration | - | Rs.210000/- |
7. Earnings per share (EPS) as per AS 20
- | | (Rs. In Lakhs) | |
|---|----------------|-----------|
| | 2010-2011 | 2009-2010 |
| (i) Profit after tax / Profit attributable to ordinary share holder | 8.48 | 7.37 |
| (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.0.18 | Re.0.16 |
8. Figures for the previous period have been regrouped / rearranged wherever necessary.
9. Figures have been rounded off to the nearest rupee.

for **KRISHNAN & GIRI**
Chartered Accountants

for **Kumbhat Financial Services Limited**

R.Saptagiri
Partner
M No: 38623
Firm Regn No:001512S

Shanti Kumbhat
Managing Director

Umamaheswari
Director

Ajit Kumbhat
Director

Place : Chennai
Date : 19th August, 2011

Ramabadrn
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	785477	Nil	785477
Total	785477	Nil	785477

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	7658184	7858184
2. Other than related parties	Nil	41530662	41530662
Total	Nil	49188846	47457804

1. Other Information.

Particulars	Amount
1. Gross Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	1199233
2. Net Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	229259
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. State Code

Balance Sheet Date

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 1 6 6 3 Total Assets

Sources of Funds

Paid up Capital 4 7 5 0 0 Reserves & Surplus

Secured Loans

Application of Funds

Net Fixed Assets 4 4 3 1 Unsecured Loans

Net Current Assets 5 7 2 3 2 Investments

Accumulated Losses

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover 2 8 9 0 Total Expenditure

Profit/Loss Before Tax 8 3 7 Profit/Loss After Tax

Earning Per Share in Rs. 0 . 1 6 Dividend Rate %

V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

KUMBHAT FINANCIAL SERVICES LIMITED

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET PURSUANT
TO CLAUSE 32 OF THE LIST AGREEMENT**

	31st March 2011 Rs.	31st March 2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit	847975	736781
Adjustment for		
Provision for Taxation	150000	100000
Provision for Non Performing Assets	32750	154698
Provision for Gratuity	16971	3569
Depreciation	138114	156144
Deferred Tax	(26700)	(22571)
Provision for Non Performing Assets Written Back	(1134562)	(255220)
	(823427)	136620
Operating profit before working capital changes	24548	873401
<u>Changes in Working Capital</u>		
Decrease / (Increase) in Loans	(1731042)	1102141
Decrease/(Increase) in Sundry Debtors	1950000	(1250000)
Decrease/(Increase) in Lease Rent Receivable	288689	
Decrease in Provision for income tax		0
Increase/(Decrease) in Advance Tax	(45550)	(113993)
Increase/(Decrease) in Current Liabilities	(222806)	14012
NET CASH FLOW FROM OPERATING ACTIVITIES	263838	597537
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Decrease/(Increase) in Stock-in-trade	103060	(414722)
Purchase of Fixed Asset		(88920)
NET CASH FLOW FROM INVESTING ACTIVITIES	103060	(503642)
Net Decrease in Cash and Bank Balance	366898	93894
Opening Cash and Bank Balance	1521916	1428022
Closing Cash and Bank Balance	1888815	1521915

Chennai
Date : 19th August, 2011

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 2011 and 31st March 2010 and found the same in agreement therewith.

for **KRISHNAN & GIRI**
Chartered Accountants

Chennai
Date : 19th August, 2011

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 18th ANNUAL GENERAL MEETING of the said Company to be
held on Tuesday, 27th September, 2011 at 09.15 A.M. at Bhartiya Vidhya Bhavan New No.18,20,22
East Mada Street, Mylapore, Chennai-600004 and at any adjournment there of.

Signed this _____ day _____ of 2011
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 18th ANNUAL
GENERAL MEETING at Bhartiya Vidhya Bhavan New No.18,20,22 East Mada Street, Mylapore,
Chennai-600004, on Tuesday, the 27th September 2011 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 _____

KUMBHAT FINANCIAL SERVICES LIMITED

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