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***KUMBHAT FINANCIAL SERVICES LIMITED***

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**KFSL**

**17th Annual Report  
2009 - 2010**

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**Board of Directors:**

Sri. SHANTI KUMBHAT  
Managing Director

Sri. AJIT KUMBHAT

Sri KAMAL RAJ MODI

Sri GANPAT RAJ BAGMAR

Sri. RAMABADRAN

**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

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the Seventeenth Annual General Meeting of the members of the Company will be held on Tuesday, the 29<sup>th</sup> September 2010 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 31<sup>st</sup> March 2010 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.Kamalaraj Modi, who retires by rotation, and being eligible, offers himself for reappointment.
4. 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 : **30<sup>th</sup> June, 2010**

**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 17, 2010 to September 29, 2010 (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 :

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**A. SHANTI KUMBHAT**

Born on 15<sup>th</sup> 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 18<sup>th</sup> February 1993. He became the Managing director of the company with effect from 1<sup>st</sup> 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. KAMAL RAJ MODI**

Born on 31<sup>st</sup> October 1952, Sri. Kamal Raj Modi. He is a business man with vast experience and wide business and social contacts

Sri. Kamal Raj Modi is also a director in the board of Vishku Finance and Investments Pvt Ltd and Medi Rasayam Pvt. Ltd.

Registered Office:  
144, N.S.C. Bose Road,  
Chennai – 600 079.  
Date: 30<sup>th</sup> June, 2010

By Order of the Board

**Shanti Kumbhat**  
Managing Director

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Seventeenth Annual Report and Audited Statements of Account for the Financial year ended March 31, 2010.

**FINANCIAL RESULT :**

	<b>Current Year</b> <b>March 31, 2010</b> (Rs. In Lakhs)	<b>Previous Year</b> <b>March 31, 2009</b> (Rs. In Lakhs)
Income from Operations	28.90	36.38
Profit before Depreciation And Provision for taxation	9.93	8.76
Less : Depreciation	<u>1.56</u>	<u>1.54</u>
	8.37	7.22
Less : Provision for taxation	<u>1.00</u>	<u>1.00</u>
Net Profit	7.37	6.22
Add : Previous year's surplus	<u>59.25</u>	<u>57.02</u>
Amount available for appropriations	<u>66.62</u>	<u>63.25</u>

**Appropriations :**

Transfer to Statutory Reserve	2.00	2.00
Transfer to General Reserve	2.00	2.00
Surplus carried to Balance Sheet	<u>62.62</u>	<u>59.25</u>
	<u>66.62</u>	<u>63.25</u>

**PERFORMANCE :**

During the year the Company achieved a Gross Income of Rs.28.90 lakhs as compared to Rs.36.38 lakhs during the previous year. The Profit before tax of the Company stood at Rs.8.37 lakhs. as against Rs.7.22 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.7.37 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.3.37 lakhs has been carried to the Profit and Loss Account.

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 & Kamalraj Modi 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 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 31.03.2010 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.

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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

Place : Chennai  
Date : 30<sup>th</sup> June, 2010

**Shanti Kumbhat**  
Managing Director

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**CEO/CFO CERTIFICATION FOR THE FINANCIAL YEAR 31<sup>ST</sup> MARCH 2010**

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 31<sup>st</sup> March, 2010 and that to the best of their 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 their 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. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. They 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

Shanti Kumbhat  
Managing Director

Place : Chennai  
Date : 30<sup>th</sup> June 2010.

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**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 31<sup>st</sup> March, 2010.

By order of the Board

Shanti Kumbhat  
Managing Director

Place : Chennai  
Date : 30<sup>th</sup> June 2010.



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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 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 31<sup>st</sup> March, 2010.

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 : 30.06.2010.

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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.

<b>Name of the Director</b>	<b>Category of Directorship</b>	<b>No. of Board Meetings</b>	<b>% of Total Meetings</b>	<b>Attendance at the last AGM</b>
Sri Ajit Kumbhat	Director	7	100	Yes
Sri Kamal Raj Modi	Director	7	100	Yes
Sri Ganpat Raj Bagmar	Director	7	100	Yes
Sri Ramabadrani	Director	7	100	Yes

There were seven 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 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 2009-10 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	3	100
2	Ramabadran	3	100
3	Ajit Kumbhat	3	100
4	Kamal Raj Modi	3	100

**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 2009-10 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, 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 01.04.2009 to 31.03.2010 were 23 transfers for 5300 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 2008 – 2009 : Anna Auditorium  
ASI Convention Center  
No.18, Swami Sivananda Salai,  
Chepauk, Chennai – 600 005.
2. Financial Year 2007 – 2008 : Anna Auditorium  
ASI Convention Center  
No.18, Swami Sivananda Salai,  
Chepauk, Chennai – 600 005.
3. Financial Year 2006 – 2007 : 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 2009-2010
Ahmedabad Stock Exchange	2002-2003 to 2009-2010
Coimbatore Stock Exchange	2002-2003 to 2009-2010

**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 :	29 <sup>th</sup> September 2010
Time :	9.15 A.M.
Venue :	Anna Auditorium 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

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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Date of Book Closure	:	September 17 to September 29, 2010 (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: <a href="mailto:cameosys@satyam.net.in">cameosys@satyam.net.in</a>
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, 2010	:	As per Annexure – A

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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Dematerialisation of Shares and Liquidity	:	26.10% of the paid-up capital has been dematerialized as on March 31, 2010
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, 2010

No. of Equity Shares held	Share Holders		Share Amount	
	Numbers	% of Total	In Rs.	% of Total
1 - 500	7301	84.0451	13387000	28.1831
501 - 1000	773	8.8983	6778000	14.2694
10001 - 2000	288	3.3152	4333800	9.1237
2001 - 3000	167	1.9224	4175200	8.7898
3001 - 4000	32	0.3683	1105000	2.3263
4001 - 5000	53	0.6101	2572000	5.4147
5001 - 10000	42	0.4834	3118000	6.5642
10001 and above	31	0.3568	12031000	25.3284
<b>Grand Total</b>	<b>8687</b>	<b>100.0000</b>	<b>47500000</b>	<b>100.0000</b>

**Shareholding Pattern as on March 31, 2010**

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	432500	9.21
ii. Indian Public	3379200	61.58
iii. NRIs / OBCs	-	-
iv. Any Other (Please Specify)	300800	15.79
<b>Total</b>	<b>4750000</b>	<b>100</b>



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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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, 2010 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 and 2008-2009 and 2009-10, 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

**R. Saptagiri**  
Partner

Chennai  
Date : 30<sup>th</sup> June, 2010

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 31<sup>st</sup> March, 2010 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 2<sup>nd</sup> 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 31<sup>st</sup> March 2010, 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<sup>st</sup> March, 2010 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.

for **KRISHNAN & GIRI**  
Chartered Accountants

Chennai  
Date : 30<sup>th</sup> June, 2010.

**R.Saptagiri**  
Partner  
Membership No.38623

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 31<sup>st</sup> March, 2010, 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.

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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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 (xvii) 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 : 30<sup>th</sup> June, 2010

**R. Saptagiri**  
Partner

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 29<sup>th</sup> January 2010 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 : 30<sup>th</sup> June, 2010

**R. Saptagiri**  
Partner

**KFSL**

**KUMBHAT FINANCIAL SERVICES LIMITED**

**BALANCE SHEET AS**

As at 31st March 2009 Rs.	LIABILITIES	Schedule	As at 31st March 2010 Rs.
4,75,00,000	Share Capital	I	4,75,00,000
1,14,09,920	Reserves and Surplus	II	1,21,46,701
27,69,231	Current Liabilities and Provisions	III	27,58,266
20,38,431	Deferred Tax Liability	IV	20,15,860
<u>6,37,17,582</u>			<u>6,44,20,827</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 2010

**R.Saptagiri**  
Partner

**KUMBHAT FINANCIAL SERVICES LIMITED****AT 31ST MARCH 2010**

As at 31st March 2009 Rs.	ASSETS	Schedule	As at 31st March 2010 Rs.
	Fixed Assets	V	
	Gross Block		1,40,03,438
	Less : Depreciation		88,03,783
	Net Block		51,99,655
44,98,260	Less : Lease Adjustment Account		7,68,619
5,92,19,322	Current Assets, Loans and Advances	VI	5,99,89,792
	Accounting Policies and Notes on Accounts	VIII	
<u>6,37,17,582</u>			<u>6,44,20,827</u>

For Kumbhat Financial Services Limited

Shanti Kumbhat  
Managing DirectorKamal Raj Modi  
DirectorPlace : Chennai  
Dated : 30th June 2010Ramabadran  
DirectorAjit Kumbhat  
DirectorGanpat Raj Bagmar  
Director

**KUMBHAT FINANCIAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT FOR**

Year ended 31st March 2009 Rs.	EXPENDITURE	Year ended 31st March 2010 Rs.
		1914408
2235235	To Opening Stock	
6000	" Purchase	204000
204000	" Salary and Bonus	210000
210000	" Director Remuneration	17000
17000	" Director's Sitting fees	96000
96000	" Rent and Other Amenities	34816
29200	" Postage and Telephone Charges	42473
19256	" Printing and Stationery	
	" Auditors' Remuneration	17648
	- Towards Audit	77895
17416	" Exp & Filing fees	1655
58060	" Demat Charges	22431
1566	" Travelling and Conveyance	
17948	" Vehicle Maintenance Expenses	20850
22500	" Advertisement Charges	31639
19500	" Financial Charges	97000
65198	" AGM Expense	20000
74760	" Miscellaneous Expenses	156144
6517	" Depreciation	1537690
153934	" Bad Debts w/o	154698
1421606	" Provision for Non Performing Assets	
267474	" Fringe Benefit Tax	3569
2627	" Provisiob for Gratuity	100000
26000	" Provision for taxation	736781
100000	" Net Profit	<u>3582289</u>
622492		
<u>3103307</u>		
		200000
200000	To Statutory Reserve	200000
200000	" General Reserve	6261986
5925205	" Surplus Carried to Balance Sheet	<u>6661986</u>
<u>6325205</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 2010

R.Saptagiri  
Partner



**KUMBHAT FINANCIAL SERVICES LIMITED**

**THE YEAR ENDED 31ST MARCH 2010**

Year ended 31st March 2009 Rs.	INCOME	Schedule	Year ended 31st March 2010 Rs.
-	By Sales		-
1914408	" Closing Stock		2329130
3632205	" Interest income		2888451
5710	" Dividend		1325
-	" Provision for Non performing Assets written back		255220
106660	" Excess provision for taxation relating to earlier year written back		-
35306	" Deffered Tax Asset		22571
<u>5694289</u>			<u>5694289</u>
5702713	By Balance b/f		5925205
622492	Net Profit		736781
<u>6325205</u>			<u>6661986</u>

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

For Kumbhat Financial Services Limited

**Shanti Kumbhat**  
Managing Director

**Ajit Kumbhat**  
Director

**Ramabadrans**  
Director

**Ganpat Raj Bagmar**  
Director

**Kamalraj Modi**  
Director

**KUMBHAT FINANCIAL SERVICES LIMITED****SCHEDULE FORMING PART OF THE ACCOUNTS**

	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
<b>SCHEDULE I : SHARE CAPITAL</b>		
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
<b>SCHEDULE II : RESERVES AND SURPLUS</b>		
Statutory Reserve As per last Balance Sheet	28,65,000	
Add : Transfer from Profit and Loss Appropriation Account	<u>2,00,000</u>	30,65,000
General Reserve As per last Balance Sheet	26,19,715	28,65,000
Add : Transfer from Profit and Loss Appropriation Account	<u>2,00,000</u>	26,19,715
Surplus as shown in the Profit and Loss Account	62,61,986	59,25,205
	<u>1,21,46,701</u>	<u>114,09,920</u>
<b>SCHEDULE III : CURRENT LIABILITIES AND PROVISIONS</b>		
(A) Current Liabilities : Sundry Creditors for Expenses	2,97,076	3,12,993
Other Liabilities	1,57,208	1,55,303
	(A) <u>4,54,284</u>	<u>4,68,296</u>
(B) Provisions : for Taxation "Gratuity " Non Performing Assets	2,02,627 29,569 20,71,786	1,02,627 26,000 21,72,308
	(B) <u>23,03,982</u>	<u>23,00,935</u>
	(A)+(B) <u>27,58,266</u>	<u>27,69,231</u>
<b>SCHEDULE IV : DEFERRED TAX LIABILITY</b>		
Deferred Tax	20,15,860	20,38,431

KUMBHAT FINANCIAL SERVICES LIMITED

SCHEDULE V : FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2009	ADDITIONS	As at 31.03.2010	UPTO 31.03.2009	FOR THE YEAR	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
<b>A. Assets for own use</b>								
Office Equipments	12750		12750	12181	103	12284	466	570
Computers	234050	88920	322970	233694	24796	258490	64480	356
Vehicles	234136		234136	230661	900	231561	2575	3475
Plant & Machinery	1018480		1018480	260179	0	260179	756301	756301
Water Pollution	4700000		4700000	1111644	0	1111644	3588356	3588356
Control Equipments								
(A)	6199416	88920	6288336	1848359	25799	1874158	4414178	4351058
<b>B. Assets Given on Lease</b>								
Vehicles	1028084		1028084	1003425	6384	1009809	18275	24659
Plant & Machinery	6687018		6687018	5795855	123961	5919816	767202	891163
(B)	7715102		7715102	6799280	130345	6929625	785477	915822
Total (A) + (B)	13914518	88920	14003438	8647639	156144	8803783	5199655	5266880
Previous year Figures	13914518	Nil	13914518	8493705	153934	8647639	5266880	5420815

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**

<i>A. Current Assets</i>	<b>23,29,130</b>	19,14,408
Stock in trade (at lower of the cost or market value as certified by the Managing Director)		

**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	3260
CAUVERY SOFTWARE ENGINEERING	1,000	10	-
SQUAREDBIO LTD	500	10	-
ITIL	3,000	10	1,40,250
SESA GOALTD *	100	10	47,110
SAAG RR INFRA LTD*	6,000	10	1,10,100
SHASUN CHEMICALS & DRUGS LTD	2,000	10	1,01,000
RANBAXY LABORATORY	400	10	1,89,960
SUJANA METALS	500	10	12,800
SUJANA TOWERS LIMITED	500	10	24,650
			<b>6,29,130</b>

\* 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
			<b>23,29,130</b>

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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Sundry Debtors

(Unsecured and considered good for which the company holds no security other than the debtors personal security)			
(More than six months)	28,13,652		22,13,652
(Less than six months)	6,50,000		-
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	40,132		19,546
- Balance with Schedule Banks			
- Current Accounts	14,81,785		14,08,475
	<u>(A)</u>		<u>88,93,491</u>
			<u>71,34,874</u>

**A. Loans and Advances**

Loans			
(Unsecured, Considered Good)			
(More than six months)	4,58,12,960		4,59,77,738
(Less than six months)	16,44,844		25,82,207
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.)	7,64,090		6,50,097
	<u>(B)</u>		<u>5,10,96,300</u>
TOTAL	<u>(A)+(B)</u>		<u>5,99,89,792</u>
			<u>5,92,19,322</u>

**SCHEDULE VII : PROFIT ON TRADING IN SHARES AND SECURITIES**

Sales			
Add : Closing Stock	23,29,130		19,14,408
	<u>(A)</u>		<u>23,29,130</u>
Purchases	-		6,000
Add : Opening Stock	19,14,108		22,35,235
	<u>(B)</u>		<u>19,14,108</u>
Profit on Trading in Shares & Securities	<u>(A-B)</u>		<u>4,15,022</u>
			<u>(3,26,827)</u>

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 :**

	<b>31.03.2010</b>	<b>31.03.2009</b>
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 <sup>st</sup> March 2010	40000	19.14	NIL	NIL	NIL	NIL	40000	19.14
31 <sup>st</sup> March 2009	39000	22.35	1000	0.06	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 31.03.2010 Rs	As at 31.03.2009 Rs
Present value of obligation	29,569	26,000
Fair Value of Plan Assets	Nil	Nil
Net Liability recognized in the Balance Sheet	29,569	26,000

Plan Assets	Gratuity (Non funded)	
	As at 31.03.2010 Rs	As at 31.03.2009 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 31.03.10	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 31.03.10 Rs	Year Ended 31.03.09 Rs.
Current Service Cost	5613	6000
Interest Cost	2114	Nil
Expected Return on Plan Assets	Nil	Nil
Benefits paid directly	Nil	Nil
Net Actuarial (Gain)/loss	(4158)	20,000
Expense charged to Profit & Loss Account	3569	26,000

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 31.03.2010
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, Acturial assumptions and its charge to the Profit & Loss Account and has been adopted by the company in the financial year 2009-10.

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)	
		2009-2010	2008-2009
(i)	Profit after tax / Profit attributable to ordinary share holder	7.37	6.22
(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.0.16	Re.0.13

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

**Shanti Kumbhat**  
Managing Director

**Kamal Raj Modi**  
Director

**Ajit Kumbhat**  
Director

Place : Chennai  
Date : 30<sup>th</sup> June, 2010

**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	7863639	7863639
2. Other than related parties	Nil	39594165	39594165
Total	Nil	47457804	47457804

**1. Other Information.**

Particulars	Amount
1. Gross Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	7237841
2. Net Non Performing Assets	
(a) Related Parties	
(b) Other than Related Parties	5166055
3. Assets acquired in satisfaction of debt	



**KUMBHAT FINANCIAL SERVICES LIMITED**

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

	31st March 2010 Rs.	31st March 2009 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit	736781	622492
Adjustment for		
Provision for Taxation	100000	102627
Provision for Non Performing Assets	154698	267474
Provision for Gratuity	3569	26000
Depreciation	156144	153934
Deferred Tax	(22571)	(35306)
Provision for Non Performing Assets Written Back	(255220)	
	136620	514729
Operating profit before working capital changes	873401	1137221
<u>Changes in Working Capital</u>		
Decrease / (Increase) in Loans	1102141	(1328109)
Decrease/(Increase) in Sundry Debtors	(1250000)	1101284
Decrease in Provision for income tax		(1207217)
Increase/(Decrease) in Advance Tax	(113993)	375000
Increase/(Decrease) in Current Liabilities	(14012) (275864)	215779 (843263)
	597537	293958
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Decrease/(Increase) in Stock-in-trade	(414722)	320828
Purchase of Fixed Asset	(88920)	
	(503642)	320828
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Decrease in Cash and Bank Balance	93895	614785
Opening Cash and Bank Balance	1428022	813238
Closing Cash and Bank Balance	1521916	1428022

For and on behalf of the Board

Chennai  
Date : 30<sup>th</sup> June, 2010

**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 2010 and 31st March 2009 and found the same in agreement therewith.

for **KRISHNAN & GIRI**  
Chartered Accountants

Chennai  
Date : 30<sup>th</sup> June, 2010

**R. Saptagiri**  
Partner

**KFSL**

**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 17<sup>th</sup> ANNUAL GENERAL MEETING of the said Company to be  
held on Tuesday, 29<sup>th</sup> September, 2010 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 2010  
Signature(s) of the Member(s) \_\_\_\_\_  
Folio No. \_\_\_\_\_



N.B. (i) This proxy must be deposited at the Registered Office of the Company, not later 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 17<sup>th</sup> ANNUAL GENERAL MEETING at Anna Auditorium, ASI Convention Centre, No.18, Swamy Sivananda Salai, Chepauk, Chennai – 600 005, on Tuesday, the 29<sup>th</sup> September 2010 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 \_\_\_\_\_

**BOOK POST**  
**PRINTED MATTER**

If undelivered please return to :

***KUMBHAT FINANCIAL SERVICES LIMITED***

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