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***KUMBHAT FINANCIAL SERVICES LIMITED***

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**21<sup>st</sup> Annual Report  
2014-15**

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***KUMBHAT FINANCIAL SERVICES LIMITED***

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CIN : L65991TN1993PLC024433

**Board of Directors :**

Sri. SHANTI KUMBHAT  
Managing Director

Sri. AJIT KUMBHAT

Sri. GANPAT RAJ BAGMAR

Sri RAMABADRAN

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.

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***KUMBHAT FINANCIAL SERVICES LIMITED***

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**NOTICE TO THE MEMBERS**

Notice is hereby given that the Twenty Second Annual General Meeting of the members of the Company will be held on Thursday, the 26<sup>th</sup> September 2015 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 31<sup>st</sup> March 2015 and the Profit and Loss Account for the year ended on that date, together with the noted 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.Ajit Kumbhat, who retires by rotation, and being offer 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 : 4th September, 2015

**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 form September 16, 2015 to September 26, 2015 (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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**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. AJIT KUMBHAT**

Born on 15<sup>th</sup> March 1952, Sri Ajit Kumbhat is a fellow member of the Institute of Chartered Accountants of India. He has rich experience and expertise in the field of Accounting & Income Tax Laws.

Sri. Ajit Kumbhat is also a Director in the board of Kumbhat Electricals Pvt Limited, Litaski Electricals Pvt Ltd.

Registered Office:  
144, N.S.C. Bose Road,  
Chennai – 600 079.  
Date: 4th September, 2015

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 in present the Twenty Second Annual Report and Audited Statements of Account for the Financial year ended March 31, 2015.

**FINANCIAL RESULTS:**

	<u>Current Year</u> <u>March 31, 2015</u> (Rs. In Lakhs)	<u>Previous Year</u> <u>March 31, 2014</u> (Rs. In Lakhs)
Income from Operations	41.85	53.20
Profit before Depreciation and Provision for taxation	13.54	9.92
Less: Depreciation	<u>1.05</u>	<u>0.76</u>
	12.48	9.16
Less: Provision for taxation	<u>6.66</u>	<u>5.71</u>
Net Profit	5.82	3.45
Add: Previous year's surplus	<u>8.75</u>	<u>27.30</u>
	14.57	30.75
Less: Depreciation of earlier year	6.02	--
Amount available for appropriation	<u>8.55</u>	<u>30.75</u>

**Appropriations:**

Transfer to Statutory Reserve	2.00	2.00
Transfer to General Reserve	0.00	20.00
Surplus carried to Balance Sheet	<u>6.55</u>	<u>8.75</u>
	<u>8.55</u>	<u>30.75</u>

**PERFORMANCE:**

During the year the Company achieved a Gross Income of Rs.41.85 lakhs as compared to Rs.53.20 lakhs during the previous year. The Profit before tax of the Company stood at Rs.12.48 lakhs. as against Rs.9.16 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.5.82 lakhs. During the year a sum of Rs.2 lakhs has been appropriated towards Statutory Reserve. The resultant profit of Rs.6.55 lakhs has been carried to the Profit and Loss Account.

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

**DEPOSITS**

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

**AUDITORS**

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

**PROSPECTS**

This year also witnessed consolidation in the NBFC sector wherein the financial position and profitability of the companies came under severe strain. Certain global majors also entered into the field which resulted in 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 31.03.2015 From Mr.Murugan Practicing Company Secretary.

**INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013**

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 134(3)(e) of the Companies Act, 2013 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 134(5) of the Companies Act, 2013 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.
- v) the Directors had complied with internal financial controls which are adequate and were operating effectively.
- vi) the Directors had complied with provisions of all applicable laws which are adequate and were operating effectively.

**CORPORATE GOVERNANCE**

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

**ACKNOWLEDGEMENTS:**

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

For and On behalf of the Board

Chennai  
Date: 04/09/ 2015

**Shanti Kumbhat**  
Managing Director

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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
Smt.Umamaheswari	Director	7	100	Yes
Sri Ganpat Raj Bagmar	Director	7	100	Yes
Sri Ramabadran	Director	7	100	Yes

There were seven board meetings held during the financial year.



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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**Separate meeting of Independent Directors (to be mentioned) as one of the points**

**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 Smt.Umamaheswari 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 2013-14 and the attendance of each member of the committee is given below.

No.	Name of the Director	No.of Meetings attend	% of Total Meetings atten
1.	Ganpat Raj Bagmar	4	100
2	Ramabadran	4	100
3	Ajit Kumbhat	4	100
4	Umamaheswari	4	100

**4. Remuneration to Directors**

Details of payments to Non-Executive Directors during the financial year 2014-15 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.	Umamaheswari	4000	Nil
4.	Ramabadran	4000	Nil

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**KUMBHAT FINANCIAL SERVICES LIMITED**


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**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, Smt Umamaheswari and Sri Ganpat Raj Bagmar, Ramabadran 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 01.04.2014 to 31.03.2015 was 4 transfers for and 3 transmissions for 8000shares.

**6. General Body Meetings**

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

**a. Details of the location of the past three AGMs**

- |                           |   |  |
|---------------------------|---|--|
| 1. Financial Year 2013-14 | : | Bhartiya Vidhya Bhavan<br>new no, 18, 20, 22 East Mada Street,<br>Chennai - 600004 |
| 2. Financial Year 2012-13 | : | Bhartiya Vidhya Bhavan<br>new no,18,20,22East Mada Street,<br>Chennai -600004      |
| 3. Financial Year 2011-12 | : | Bhartiya Vidhya Bhavan<br>new no,18,20,22East Mada Street,<br>Chennai -600004      |

**b. No resolutions were put through postal ballot as in 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, and 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.

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**KUMBHAT FINANCIAL SERVICES LIMITED**

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**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 at analysts	:	No
Newspapers in which results are normally published in	:	1. Makkal Kural and 2. Trinity Mirror
Whether Management Discussion and analysis is a part of Annual Report or not	:	Yes

**9. General Shareholder Information**

AGM		
Date	:	26 <sup>th</sup> September 2015
Time	:	9.15 A.M.
		Venue Bhartiya Vidhya Bhavan New No.18,20,22 East Mada Street Mylapore Chennai-600004
Financial Calendar	:	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 16 to September 26, 2015 (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 & SCDL	:	INE795E01019
Stock Price Data	:	Shares were quoted in BSE at an average price of Rs. 2.35.
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 as on March 31, 2015	:	As per Annexure – A

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**KUMBHAT FINANCIAL SERVICES LIMITED**


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Dematerialisation of Shares and Liquidity	:	32.10% of the paid-up capital has been dematerialized as on March 31, 2015
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, 2015

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
<b>Grand Total</b>	<b>8477</b>	<b>100.00</b>	<b>47500000</b>	<b>100.00</b>

**Shareholding Pattern as on March 31, 2015**

Category	No of Shares	%
A. Promoters Holding		
1. Promoters		
- Indian Promoters	519800	10.94
- Foreign Promoters	-	-
2. Persons acting in concert	-	-
B. Non-Promoters Holding		
3. Institutional Investors		
i. Mutual Fund		
ii. Banks, Financial Institution	500	0.01
Insurance Companies (Central / State		
Govt. Institutions / Non-Government	200	0.01
Institutions)		
iii. FIs	-	
iv. Foreign Institutional Investment	-	
(Foreign Company)		
4. Others		
i. Private Corporate Bodies	422860	8.90
ii. Indian Public	3747720	78.90
iii. NRIs / OBCs		
iv. Any Other (Please Specify)	58920	1.24
<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, 2015 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, Coimbatore Stock Exchanges for the year, 2004-2005, 2005-2006, 2006-2007, 2007-08, 2008-2009, 2009-10,2010-11,2011-12 , 2012-13 , 2013-14,2014-15 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: 04/09/ 2015

**R. Saptagiri**  
Partner  
M No: 38623

## **INDEPENDENT AUDITORS REPORT**

To the Members of  
Kumbhat Financial Services Limited

### **REPORT ON THE FINANCIAL STATEMENTS:**

We have audited the accompanying financial statements of Kumbhat Financial Services Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS:**

Management is responsible for the matters in section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **AUDITORS RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Profit and Loss, of the PROFIT for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

In our opinion and according to the information and explanations given to us, we are of the view that there are no matters referred to in the Notes to the financial statements, which require emphasis for attention to be drawn.

## **REPORT ON OTHER LEGAL & REGULATORY REQUIREMENTS:**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

1. As required by section 143(3) of the Act we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in section 133 of the Companies Act, 2013 read with Rule 7 of the companies (Accounts) Rules ,2014
  - e. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us,
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20.1 (a) to the financial statements;
    - ii. The Company does not have any long term contracts including forward exchange contracts.
    - iii. The company is not required to transfer any amounts to the Investor Education and Protection Fund.

Chennai  
Date : 04/09/2015

**R. Saptagiri**  
Partner  
M No: 38623

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***KUMBHAT FINANCIAL SERVICES LIMITED***

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**KUMBHAT FINANCIAL SERVICES LIMITED, CHENNAI  
ANNEXURE REFERRED TO IN PARA '1' OF OUR REPORT OF EVEN DATE**

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Kumbhat Financial Services Limited on the accounts of the company for the year ended 31<sup>st</sup> March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
  
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.  
  
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. Shares held in demat form have been duly confirmed by the Depository.  
  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the

management as compared to book records. And also the Company has stock in trade of quoted shares which is lying with and confirmed by the depository.

3. According to the information and explanations given to us and on the basis of our examination of the books of account, the company has given loans to a party listed in the register maintained U/S 189 of the Companies Act, 2013 which has been given in the normal course of its business, for which interest has been duly charged at the normal rates. However, there are no stipulations as regards repayment, and is repayable on demand.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets . The company has not sold any goods nor has rendered any service during the year.
5. The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules,2014
6. In our opinion maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Act for the company and hence the same is not applicable to the Company.
7. (a) According to the records of the company, the provisions of Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952 are not applicable to the company. Further there are no other outstanding undisputed statutory dues as on 31<sup>st</sup> March, 2015 for a period exceeding six months from the date they became payable including Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable  
  
(b) According to the information and explanations given to us, excepting Income tax dues of Rs. 18,91,320/- which is pending revision, there are no other disputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty.

(c) According to the information and explanations given to us, the company is not required to transfer any amount required to be transferred to Investor Education and Protection Fund as per the relevant provisions of the Companies Act, 2013.

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8. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the company has not taken any loans from any financial institution or banks nor has issued debentures. Hence clause (ix) is not applicable to the company.
10. According to the information and explanations given to us, the Company has not given any gurantee for any loans taken by any party from banks or financial institutions.
11. Based on our audit procedures and on the information given by the management, we report that the company has not taken any term loans during the year.
12. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of the audit

For **Krishnan & Giri.**  
Chartered Accountants  
**FRN: 001512S**

Place: Chennai  
Date: 04.09.2015

**(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 '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 11/04/2014 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 : 04/09/2015

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

**KUMBHAT FINANCIAL SERVICES LIMITED**

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**SIGNIFICANT ACCOUNTING POLICIES**

**1. ACCOUNTING CONVENTION:**

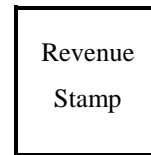
1. The accounts have been prepared under the historical cost convention.
2. Income and Expenditure recognition :
  - a) Interest on loans are accounted for on accrual basis.
  - b) Dividend on shares and other incomes are accounted for on receipt basis.
  - c) All items of expenditure are accounted for 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 II to the Companies Act, 2013. 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. 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**  
**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 22nd ANNUAL GENERAL MEETING of the said Company to be held on  
SATURDAY, 26<sup>th</sup> September, 2015 at 09.15 A.M. at Bhartiya Vidya Bhavan New NO.18,20,22 East Mada  
Street Mylapore k, Chennai – 600 004, and at any adjournment there of.

Signed this \_\_\_\_\_ day \_\_\_\_\_ of 2015  
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 22<sup>nd</sup> ANNUAL GENERAL MEETING at Bhartiya Vidhya Bhavan New No.18,20,22 East Mada Street Mylapore Chennai-600004, on SATURDAY, the 26<sup>th</sup> September 2015 at 09.15 A.M.

Name of the Member \_\_\_\_\_  
Folio No. \_\_\_\_\_  
Name of Proxy / Representation (In Block Letter) \_\_\_\_\_  
(To be filled in the Proxy attends instead of the Member)  
Signature of the Member / Proxy present \_\_\_\_\_

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