

KUMBHAT FINANCIAL SERVICES LIMITED



**26th Annual Report
2018-2019**

KUMBHAT FINANCIAL SERVICES LIMITED

CIN : L65991TN1993PLC024433

Board of Directors :

Shri. SANJAY KUMBHAT

Managing Director

Shri. K.N.NARAYANAN (till 30.06.2019)

Shri. SAKTHIVEL MURUGAN (from 08.08.2019)

Shri. SUNIL KUMAR S

Smt. SARIKA KUMBHAT

Registered Office :

5th Floor, 29 Rattan Bazaar,
George Town, Chennai - 600 003.

Bankers :

Central Bank of India
The Laxmi Vilas Bank Ltd.,

Share Transfer Agents :

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

Auditors :

Ms Raju & Daftary, Chartered Accountants
Crescent Court, No.963/108,
Poonamallee High Road,
Kilpauk, Chennai 600 084.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 26th Annual General Meeting of the members of **KUMBHAT FINANCIAL SERVICES LIMITED** will be held on Wednesday, the 25th September, 2019 at 10.00 a.m. at Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2019 and the Reports of Directors and Independent Auditors thereon.
2. To appoint a Director in place of **Shri. SANJAY KUMBHAT (DIN: 03077193)**, who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT **M/s. MARDIA & ASSOCIATES (FRN: 007888S), Chartered Accountants, Chennai** be and are hereby appointed as auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the 31st Annual General Meeting of the Company to be held in the year 2024 at a remuneration to be decided by the Board of Directors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED that pursuant to the provisions of section 149, 152, schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and regulation 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, **Shri. S. SUNIL KUMAR (DIN: 06989391)** be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the term of five consecutive years commencing from 1st June, 2018 and ending on 31st May, 2023.”

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED that pursuant to the provisions of section 149, 152, schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and regulation 16, 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)** be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the term of five consecutive years commencing from 8th August, 2019 and ending on 7th August, 2024.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of sections 196, 197, Chapter XIII read with Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), **Shri. SANJAY KUMBHAT (DIN: 03077193)** be and is hereby appointed as

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Managing Director of the Company for a period of **three years** with effect from 7th February, 2019 on a salary not exceeding Rs.3,00,000/- per annum including perquisites and allowances such as house rent allowance, traveling and conveyance allowance, leave travel allowance and reimbursement of electricity and telephone bills or such sum as may be agreed by the Board from time to time.”

“RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profits for any financial year, the aforesaid remuneration payable to **Shri. SANJAY KUMBHAT (DIN: 03077193)** shall be the minimum remuneration payable to him in terms of the provisions of Schedule V to the Companies Act, 2013.”

“RESOLVED FURTHER THAT **Shri. SANJAY KUMBHAT (DIN: 03077193)**, the Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company’s business and such other benefits / amenities and other privileges, as any from time to time, be available to other senior executives of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide the break-up of the remuneration within the above said maximum permissible limit and in order to give effect with the foregoing resolution, or as may be otherwise, considered by it to be in the best interest of the Company.”

**By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED**

**Place: Chennai
Date : 08.08.2019**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193
Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.**

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NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The proxy form, in order to be effective, must be deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting. The blank attendance slip / proxy form is annexed to this Annual Report

2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 19th September, 2019 to Wednesday, the 25th September, 2019 (both days inclusive) for the purpose of Annual General Meeting of the Company.
3. The members are requested to intimate to the Registrar and Transfer Agents, Cameo Corporate Services Limited, Subramanian Building, No. 1, Club House Road, Chennai – 600 002, Change of Address, if any, at the earliest quoting their registered folio number.
4. Members holding Shares in more than one folio in identical order of names are requested to write to the Registrar and Transfer Agents enclosing their Share Certificate to enable us to consolidate their holding in one folio to facilitate better service.
5. As per the provisions of section 72 of the Companies Act, 2013 as amended from time to time and rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agents. In respect of shares held in demat form, the nomination form may be filed with the respective depository participant.
6. Corporate Members intending to send their representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agents.
8. Members holding their shares in electronic form are requested to intimate immediately any change in their address to their depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the Company's Registrar and Transfer Agents.
9. Members desirous of getting any information about the accounts and/or operations of the Company are requested to write to the Company atleast seven days before the date of Annual General Meeting to enable the Company to keep information ready at the meeting.

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10. All documents referred to in the above notice are open for inspection at the Registered Office of the Company at 5th Floor, Kumbhat Complex, No. 29, Rattan Bazaar, Chennai – 600 003 between 11.00 a.m. and 1.00 p.m. on all working days other than Saturdays, Sundays, Public and National Holidays upto the date of Annual General Meeting.
11. Members are requested to:
 - bring their copy of Annual Report to the Meeting,
 - bring the Attendance Slip sent herewith, duly filled in,
 - bring their Folio Number / DP and Client ID and quote it in all correspondence,
 - inform your e-mail ids, if not already registered with the Registrar,
 - consider converting their physical holding to dematerialized form to eliminate all risks associated with physical shares and ease of portfolio management, and
 - write to the Company for seeking clarification on queries, if any, with regard to the Accounts.
12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under section 189 of the Companies Act, 2013, will be made available for inspection by the members at the Annual General Meeting.
13. The route map for reaching to the venue of the Annual General Meeting is annexed to this notice.
14. Additional information on Directors seeking re-appointment at the Annual General Meeting pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standards on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India and approved by the Central Government is furnished and forms part of the Notice.
15. **Instructions for e-voting:**
 - I. In compliance with provisions of section 108 of the Companies Act, 2013 and rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 26th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The Company is proposing to sign an agreement with Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their vote electronically.

Process for e-voting:

(A) In case of members receiving e-mail:

- i) If you are holding shares in Demat form for any other Company and had logged on to **www.evotingindia.com** and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- ii) Log on to the e-voting website www.evotingindia.com

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- iii) Click on “Shareholders” tab to cast your votes.
- iv) Now select the Electronic Voting Sequence Number - “**EVSN**” (190819058) along with “Kumbhat Financial Services Limited” from the drop down menu and click on “SUBMIT”.
- v) Now, fill up the following details in the appropriate boxes:

	<i>For Members holding shares in Demat Form</i>	<i>For Members holding shares in Physical Form</i>
User ID	a. For CDSL: 16 digits beneficiary ID, b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,	Folio Number registered with the Company
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting	
DOB	Enter the Date of Birth as recorded in the Company records for the said folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in the Company records for the said folio. Please enter the DOB or Dividend Bank details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.	

- vi) After entering these details appropriately, click on “SUBMIT” tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix) Click on the relevant EVSN on which you choose to vote.
- x) On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

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- xiv) You can also take print-out of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xv) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xvi) Note For Institutional Shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log onto [https:// www.evotingindia.com](https://www.evotingindia.com) and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com. After receiving the login details compliance user should be created using admin login and password, who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the Company / Registrar and Share Transfer Agent or requesting physical copy]:

Please follow all steps from sl. no. (ii) to sl. no. (xvi) above, to cast vote.

(C) The voting period begins on Sunday, the 22nd September, 2019 at 9.00 a.m. and ends on Tuesday, the 24th September, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares, as on the **cut-off date** i.e. Wednesday, the 18th September, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

- In case you have any queries or issues regarding e-voting, please contact M/s. Cameo Corporate Services Limited, Registrar & Share Transfer Agents or send mail to helpdesk.evoting@cdslindia.com.
- Voting can be exercised only by the shareholder or his/her duly constituted attorney/proxy or, in case of bodies corporate, the duly authorised person.
- The Results of Annual General Meeting shall be declared on 27th September, 2019. The Results declared along with the Scrutinizer's Report shall be placed on the website of CDSL and shall be communicated to BSE Limited.
- Subject to the receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the meeting, viz., 25th September, 2019.
- Shri. JAGDISH PRASAD MUNDHARA, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period of not exceeding three working days from the date of conclusion of e-voting period, unblock the votes in the presence of at least two witnesses, not in the employment of the Company and make his report of the votes cast in favour or against and shall submit to the Chairman of the Meeting.

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EXPLANATORY STATEMENT

(Pursuant to section 102 of the Companies Act, 2013)

Item No. 4 and 5:

The Nomination and Remuneration Committee of the Board of Directors of the Company have recommended for the appointment of **Shri. S. SUNIL KUMAR (DIN: 06989391)** and **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)** as Independent Directors for the term upto five consecutive years.

Shri. S. SUNIL KUMAR (DIN: 06989391) and **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)** have given their declarations to the Board respectively that they meet the criteria of Independence as provided under sub-section (6) of section 149 of the Act and the rules made thereunder. In the opinion of the Board, **Shri. S. SUNIL KUMAR (DIN: 06989391)** and **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)** fulfill the conditions specified in the Act and the rules framed thereunder for their appointment as Independent Directors and that they are independent of the management of the Company.

Details of **Shri. S. SUNIL KUMAR (DIN: 06989391)** and **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)** are given in the statement as disclosure pursuant to regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The Board accordingly recommends the Resolution set out at item No. 4 and 5 of the accompanying Notice for the approval of the members.

Except **Shri. S. SUNIL KUMAR (DIN: 06989391)** and **Shri. SAKTHIVEL MURUGAN (DIN: 08531800)**, none of the Directors or their relatives are concerned or interested in the resolution set out at item No. 4 and 5 of the accompanying notice.

Item No. 6:

The Board of Directors of the Company at its Meeting held on 7th February, 2019 have appointed, subject to the approval of the Members of the Company, **Shri. SANJAY KUMBHAT (DIN: 03077193)** as the Managing Director of the Company for a period of 3 (Three) years with effect from 7th February, 2019.

The terms and conditions for appointment of **Shri. SANJAY KUMBHAT (DIN: 03077193)** as the Company's Managing Director are summarised hereunder:

1. **Shri. SANJAY KUMBHAT (DIN: 03077193)** shall be the Managing Director of the Company for a period of 3 (Three) years with effect from 7th February, 2019 to 6th February, 2022 as decided by the Board of Directors.
2. **Shri. SANJAY KUMBHAT (DIN: 03077193)** shall subject to the superintendence, control and direction of the Board of Directors of the Company have substantial powers of Management and shall perform the duties and exercise the powers in relation thereto and shall also perform such other duties and exercise such further powers as may from time to time be entrusted to or conferred upon him by the Board either alone or jointly with any other person or persons as the Board shall determine.
3. In consideration of his services as the Company's Managing Director, **Shri. SANJAY KUMBHAT (DIN: 03077193)** shall be entitled to receive the following remuneration from the Company:
 - (a) Basic Salary: Subject to a maximum of Rs.3,00,000/- per annum including perquisites and allowances such as house rent allowance, traveling and conveyance allowance, leave travel allowance and reimbursement of electricity and telephone bills or such sum as may be agreed by the Board from time to time.

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4. In the absence or inadequacy of profits of the Company in any financial year during his term of appointment hereunder, he shall for that year receive the same remuneration as in clause 3 hereinabove specified, within the ceiling limits as laid down in Schedule V to the Companies Act, 2013.
5. **Shri. SANJAY KUMBHAT (DIN: 03077193)** shall be entitled to reimbursement of other expenses actually and properly incurred by him in connection with the Company's business.

The terms and conditions of his service, including remuneration, may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its sole discretion deem fit without seeking further approval of the shareholders of the Company within the maximum amount payable to the Managing Director in accordance with the Act and Schedule V thereto.

The appointment and remuneration of **Shri. SANJAY KUMBHAT (DIN: 03077193)** as the Company's Managing Director requires the approval of the members of the Company in General Meeting by passing a resolution in terms of Schedule V read with sections 196, 197, Chapter XIII and other applicable provisions of the Companies Act, 2013.

The Directors commend the resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members of the Company.

Except **Shri. SANJAY KUMBHAT (DIN: 03077193)** and **Smt. SARIKA KUMBHAT (DIN: 08032091)**, none of the Directors or their relatives are concerned or interested in the resolution set out at item No. 6 of the accompanying notice.

**By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED**

**Place: Chennai
Date : 08.08.2019**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193
Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.**

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DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE AGM PURSUANT TO REGULATIONS 26(4) AND 36(3) OF LISTING REGULATIONS AND SECRETARIAL STANDARD – 2 ON GENERAL MEETINGS, VIDE NOTICE DATED 08.08.2019.

Name of the Director	<i>Shri. SANJAY KUMBHAT</i>	<i>Shri. S. SUNIL KUMAR</i>	<i>Shri. SAKTHIVEL MURUGAN</i>
Date of Birth	27.02.1974	25.04.1987	30.05.1956
Date of Appointment on the Board as Director	30.12.2017	01.06.2018	08.08.2019
DIN	03077193	06989391	08531800
Date of Last re-appointment as Director	NIL	NIL	NIL
Experience in specific functional area	6 Years of experience in Finance and 21 years experience in Business	7 Years of experience in the profession of Chartered Accountancy	7 Years of experience in Administration & Finance
Qualification	B.Com	B.Com; FCA	M.Com, M.Phil, Ph.d, AMT.
List of outside Directorship held	2	NIL	NIL
Chairman/Member of the Committee of Board of Directors of the Company	Audit Committee – Member; Stakeholders Relationship Committee – Member; Nomination and Remuneration Committee – Member; Risk Management Committee - Member	Audit Committee – Chairman; Stakeholders Relationship Committee – Chairman; Nomination and Remuneration Committee – Chairman; and Risk Management Committee - Chairman (with effect from July 1, 2019)	NIL
Chairman/Member of the Committee of the Board of Directors of other Companies in which he is Director	Nil	Nil	NIL
Number of Shares held in the Company	74600 Equity Shares of Rs.10/- each	NIL	NIL
Inter-se relationship with any other Director	Related to Smt. SARIKA KUMBHAT	NIL	NIL

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DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 26th Annual Report of the business and operations of the Company together with the audited statement of accounts for the year ended 31st March, 2019.

1. STATE OF COMPANY'S AFFAIRS:

(A). Financial summary or highlights:

(Amount in ₹)

<i>Particulars</i>	2018-19	2017-18
Total Income	46,07,651	46,67,184
Profit (Loss) before interest, depreciation and tax	(1,17,01,675)	21,47,804
Finance cost	-	-
Depreciation	9,400	-
Profit (Loss) before Exceptional & Extra-ordinary items and tax	(1,17,11,075)	21,47,804
Exceptional & Extra-ordinary items	-	-
Profit (Loss) after Exceptional & Extra-ordinary items & before tax	(1,17,11,075)	21,47,804
Provision for taxation (Net of deferred tax)	3,38,450	19,41,611
Profit (Loss) after tax	(1,20,49,525)	2,06,193
Amount available for appropriation	(1,20,49,525)	2,06,193
Appropriations:		
Transfer to Statutory Reserve maintained u/s 45IC of RBI Act, 1934 (including short provision for earlier years)	-	2,06,640
Transfer to General Reserve	-	-
Proposed dividend	-	-
Tax on proposed dividend	-	-
Balance carried to Balance Sheet	(1,20,49,525)	(447)

(B). Operations:

The financial results for the year ended March 31, 2019 has been adverse due to the following non-recurring payments made and accounted:

Rs.70,05,660/- to BSE to restore trading, Rs.2,95,000/- made to the consultants for BSE restoration assignment and Rs.2,67,006/- incurred in connection with serving of notices three times to about 8,400 shareholders to get their PAN mandate.

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The gross amount of loans provided by the Company stood at Rs.566.33 Lakhs as on 31st March, 2019 as compared to Rs.640.36 Lakhs as on 31st March, 2018.

(C). Adoption of Ind-AS Standards:

The Company being a Listed Non-Banking Finance Company, is required to prepare its financial statements in accordance with the Ind-AS standards with effect from April 1, 2019. Accordingly, your directors have framed the required policy for such adoption and transition to Ind-AS standards.

2. EXTRACT OF ANNUAL RETURN (FORM MGT-9):

The extract of Annual Return pursuant to the provisions of sub-section (3) of section 92 read with sub-rule (1) of rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in *Annexure-1* and is attached to this report.

3. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:

The Board met **eight** times during the financial year, the details of which are given hereunder. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

<i>Quarter</i>	<i>Date of Board Meeting</i>
1 st April, 2018 to 30 th June, 2018	10.04.2018
	21.05.2018
	01.06.2018
1 st July, 2018 to 30 th September, 2018	27.07.2018
	10.09.2018
	29.09.2018
1 st October, 2018 to 31 st December, 2018	09.11.2018
1 st January, 2019 to 31 st March, 2019	07.02.2019

4. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of section 134(5) of the Companies Act, 2013, the Board hereby submits its responsibility statement:

- (a) In the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) 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;
- (d) The Directors had prepared the annual accounts on a going concern basis;
- (e) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

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(f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

5. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE STATUTORY AUDITORS:

The observations made by the auditors in their report and notes to the accounts referred to in the Auditors Report are self-explanatory. There were no qualifications, reservations or adverse remarks made by the Auditors in their respective reports.

6. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE SECRETARIAL AUDITORS:

The Secretarial Auditors have made the following observations in their report for the year ended 31st March, 2019:

- 1. Except for general delays made in filing the e-Forms under the Companies Act, 2013, the Company has, prima facie, been regular in furnishing its required returns.*
- 2. As informed by the management, the promoters of the Company are yet to dematerialize all their share holdings in the Company.*
- 3. The shares of the Company are suspended from trading in the Bombay Stock Exchange Limited pursuant to the non-compliance with the provisions of the listing agreement. As informed by the management, the Company has submitted all the required statutory returns with the exchange and are awaiting the order for revocation of suspension. In the course of rectifying such non-compliances, the Company has also paid the Revocation/Restoration fees of Rs.70.06 Lakhs.*
- 4. With regard to compliances with other stock exchanges where the shares of the Company were earlier listed, viz., The Madras Stock Exchange Limited, The Hyderabad Stock Exchange Limited, The Coimbatore Stock Exchange Limited and The Ahmedabad Stock Exchange Limited, we have been informed that the said exchanges have been closed by the orders of Securities and Exchange Board of India (SEBI) and any communications with the said exchanges are returned undelivered.*

The company has initialised dematerialisation process and has lodged all physical shares to respective demat agents of the promoters for dematerialisation. The process is in progress.

The other observations made by the secretarial auditors are self explanatory in nature and does not call for further explanation. The Directors now assure its members that they are in the process of updating all its records and complying with various legal requirements so as to make good the above qualifications.

7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

The Company being a Non-Banking Finance Company (NBFC), has in the ordinary course of business made loans or advances or given guarantees or provided securities or made investments in bodies corporate and other persons during the financial year. Your Directors would like to draw your attention to the notes to the financial statements which sets out the details of loans and investments made.

8. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and are at arm's length basis. The Company presents a

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statement of all related party transactions before the Board of Directors of the Company for their approval. Your Directors would like to draw your attention to the notes to the financial statements which sets out related party disclosures. A statement in Form AOC-2 pursuant to the provisions of clause (h) of sub-section (3) of section 134 of the Act read with sub-rule (2) of rule 8 of the Companies (Accounts) Rules, 2014 is furnished in Annexure-2 and is attached to this report.

9. DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:

During the financial year 2018-19, the Company has incurred losses to the extent of Rs.120.50 Lakhs. Accordingly, the statutory provision relating to transfer of profits to statutory reserve maintained under section 451C of the RBI Act was not applicable to the Company. The year-end balance of such statutory reserve continued to remain at Rs.42.71 lakhs

10. DIVIDEND:

In view of inadequacy of profits, your directors do not recommend any dividend for the financial year ended 31st March, 2019.

11. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company was not required to transfer any amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.

12. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT (01/04/2019 to 08/08/2019):

There were no material changes and commitments affecting the financial position of the Company between the period 1st April, 2019 to 8th August, 2019.

13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014:

In terms of clause (m) of sub-section (3) of section 134 of the Companies Act, 2013 and the rules framed thereunder, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is given below:

1). CONSERVATION OF ENERGY:

(i) the steps taken or impact on conservation of energy;	Your company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy.
(ii) the steps taken by the Company for utilising alternate sources of energy;	
(iii) the capital investment on energy conservation equipments;	

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2). TECHNOLOGY ABSORPTION:

(i) the efforts made towards technology absorption;	The Company has no activity relating to technology absorption.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - (a) the details of technology imported; (b) the year of import; (c) whether the technology has been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof, and	
(iv) the expenditure incurred on Research and Development.	

3). FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Lakhs)

<i>Particulars</i>	2018-19	2017-18
Value of exports calculated on FOB basis	-	-
Value of Imports calculated on CIF basis:		
Raw Materials	-	-
Components and Spare parts	-	-
Capital Goods	-	-
Expenditure in Foreign Currency:		
Travel	-	-
Others	-	-

14. DETAILS OF CHANGE IN NATURE OF BUSINESS, IF ANY:

There was no change in the nature of business of the Company during the financial year.

15. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Company's Articles of Association, Shri. SANJAY KUMBHAT (DIN: 03077193) retires by rotation at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-appointment. The Board recommends the re-appointment.

Shri. S. SUNIL KUMAR (DIN: 06989391) was appointed as an Independent Director of the Company with effect from 1st June, 2018 during the financial year.

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Shri. R. VENUGOPAL (PAN: ABWPV3592R) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st June, 2018 during the financial year.

Shri. S. MOHANRAJ (M. No.: A10176) was appointed as Company Secretary of the Company with effect from 1st June, 2018 during the financial year.

Shri. SANJAY KUMBHAT (DIN: 03077193) was appointed as Managing Director of the Company for a period of three years with effect from 7th February, 2019 during the financial year.

Shri. SHANTI KUMBHAT (DIN: 02720773) resigned from the Board with effect from 7th February, 2019 during the financial year. The Board placed on record their appreciation for the active guidance and valuable services rendered by him during his tenure as Director of the Company.

Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director and Shri. R. VENUGOPAL (PAN: ABWPV3592R), Chief Financial Officer (CFO) resigned from the Board with effect from 1st July, 2019 during the year. The Board placed on record their appreciation for the active guidance and valuable services rendered by them during their tenure as Independent Director and Chief Financial Officer of the Company.

Shri. G. RAJASEKARAN (PAN: AEPPR8683H) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st July, 2019 during the year.

Shri. SAKTHIVEL MURUGAN (DIN: 08531800) was appointed as an Independent Director of the Company with effect from 8th August, 2019 during the year.

16. EVALUATION OF THE BOARD'S PERFORMANCE:

In compliance with the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board, its Committees and individual Directors was carried out during the year under review. Questionnaire approach was adopted for said evaluations.

The Nomination and Remuneration Committee (NRC) at its meeting carried out a separate exercise for evaluating every Directors performance. The evaluation of Independent Directors was carried out without the presence of the said Directors. A separate meeting of the Independent Directors was convened which reviewed the performance of the Board (as a whole), the non-independent directors and the Chairman.

Some of the key criteria's for performance evaluation were as follows:

Performance evaluation of Board and Committees:

1. Degree of fulfilment of key responsibilities;
2. Board structure and composition;
3. Effectiveness of Board processes, information and functioning;
4. Board Culture and Dynamics;
5. Quality of relationship between the Board and the Management; and
6. Establishment and delineation of responsibilities to committees.

Performance evaluation of Directors:

1. provide meaningful and constructive contribution and inputs in meetings;
2. display a good degree of understanding of the company, industry, sector, geography; and
3. display independence of judgment.

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17. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Independent Directors of the Company are persons of integrity, possessing rich experience and expertise in the field of corporate management, finance, capital market, economic and business information.

The Company has issued appointment letter to the Independent Directors setting out in detail, the terms of appointment, duties, roles & responsibilities and expectations from the appointed Director. The Board of Directors has complete access to the information within the Company. Presentations are regularly made to the Board of Directors / Audit Committee / Nomination & Remuneration Committee / Stakeholders Relationship Committee on various related matters, where Directors have interactive sessions with the Management.

18. SUBSIDIARY:

The Company does not have any subsidiary companies or associate companies or joint ventures.

19. INTERNAL FINANCIAL CONTROLS:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

This is further strengthened by periodical review of the accounts and systems by Internal Auditors, **M/s. RSDKE & CO (FRN : 011949S), Chartered Accountants, Chennai.**

20. DEPOSITS:

The Company has neither accepted nor renewed any deposits during the financial year and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

21. MATERIAL ORDERS PASSED BY REGULATORY AUTHORITIES:

There are no significant and material orders passed by the regulators or courts or tribunals during the year impacting the going concern status and Company's operations in future.

22. RISK MANAGEMENT POLICY:

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk Management is a structured approach to manage uncertainty. Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate the probability and / or impact of unfortunate events or to maximize the realization of opportunities. Although the Company does not have a formal risk management policy but a formal enterprise-wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. The Company has laid down a Comprehensive Risk assessment and minimization procedure which is reviewed by the Board from time to time. These procedures are reviewed to ensure that executive management controls risks through means of a properly defined framework. Key business risks and their mitigation are also considered in the annual / strategic business plans and in periodic management reviews.

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23. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

There was no revision of the financial statements of the company during the financial year.

24. SHARES AND SHARE CAPITAL:

a. CAPITAL STRUCTURE:

The Authorised Share Capital of your Company is Rs.1000 lakhs comprising of 100 lakhs Equity Shares of Rs.10/- each and the Paid-up Share Capital is Rs.475 lakhs comprising of 47.5 lakhs Equity Shares of Rs.10/- each.

b. BUY-BACK OF SHARES:

The Company has not bought back any of its securities during the financial year.

c. SWEAT EQUITY:

The Company has not issued any Sweat Equity Shares during the financial year.

d. BONUS SHARES:

No Bonus Shares were issued during the financial year.

e. EMPLOYEES STOCK OPTION PLAN:

The Company has not provided any Stock Option Scheme to the employees during the financial year.

25. STATUTORY AUDITORS:

Due to the proposed structural changes in their partnership firm, **M/s. RAJU & DAFTARY (FRN: 0155355), Chartered Accountants, Chennai** have expressed their inability to continue as statutory auditors of the Company after the conclusion of the 26th Annual General Meeting.

The Board has since contacted **Mr. MANISH MARDIA** of **M/s. MARDIA & ASSOCIATES (FRN: 007888S), Chartered Accountants, Chennai** and they have signified their consent and availability to be the Statutory Auditors of **M/s. KUMBHAT FINANCIAL SERVICES LIMITED** from the conclusion of the 26th Annual Meeting for a period of five years from the financial year 2019-20 to 2023-24 and ending on the date of the Annual General Meeting to be held in the calendar year 2024. The Board recommends their appointment for being adopted at the 26th Annual General Meeting.

26. SECRETARIAL AUDITORS:

In accordance with the provisions of section 204 of the Companies Act, 2013, the Board has appointed **M/s. ACHARYA S.K. & ASSOCIATES**, Company Secretaries in Whole-time Practice, Kolkata as the Secretarial Auditor for the financial year 2018-19. The report of the Secretarial Auditor is annexed to this report.

27. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company's premises through various interventions and practices. The Company always endeavours to create and provide an environment that is free from discrimination and harassment including sexual harassment.

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The Company has adequate measures including checks and corrections in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.

The following is a summary of sexual harassment complaints received and disposed off during the financial year:

- No. of Complaints received	: NIL
- No. of Complaints disposed off	: NIL
- No. of cases pending for more than 90 days	: NIL
- No. of workshops / awareness programmes carried out	: ONE
- Nature of action taken by the employer / DO	: Not Applicable

28. RESERVE BANK OF INDIA REGULATIONS:

Your Company is generally complying with the directions of the Reserve Bank of India regarding prudential norms of accounting, capital adequacy ratio, provisions for bad and doubtful debts and other requirements as per the directions issued from time to time.

29. CORPORATE GOVERNANCE:

Report of Corporate Governance for the financial year and Management Discussion and Analysis are forming part of this Annual report.

30. COMPOSITION OF AUDIT COMMITTEE:

The Board has constituted the Audit Committee, which comprises of Shri. S. SUNIL KUMAR as Chairman with effect from 1st July, 2019 (Shri. K.N. NARAYANAN was Chairman of the Committee till 30th June, 2019), Shri. SANJAY KUMBHAT and Smt. SARIKA KUMBHAT as the members of the committee. More details on the committee are given in the Corporate Governance Report.

31. CERTIFICATE FROM MANAGING DIRECTOR:

A certificate has been obtained from Shri. SANJAY KUMBHAT (DIN: 03077193), Managing Director as required under regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance which is enclosed and is forming part of this Report.

32. LISTING AT STOCK EXCHANGE:

The Equity Shares of the Company continue to be listed on The Bombay Stock Exchange Limited. With regard to other stock exchanges where the shares of the Company were earlier listed, viz., The Madras Stock Exchange Limited, The Hyderabad Stock Exchange Limited, The Coimbatore Stock Exchange Limited and The Ahmedabad Stock Exchange Limited, your directors would like to state that the said exchanges have been closed by the orders of Securities and Exchange Board of India (SEBI) and any communications with the said exchanges are returned undelivered.

33. CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER THE LISTING AGREEMENT AND THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

A certificate from the Statutory Auditors of the Company regarding compliance with the Code of Corporate Governance is forming part of this annual report.

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34. MANAGEMENT'S DISCUSSION AND ANALYSIS:

In terms of the provisions of regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the required Management's Discussion and Analysis is set out in this Annual Report.

35. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

36. EMPLOYEE REMUNERATION:

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section (12) of section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report and are annexed as *Annexure-3* to this report.

37. CORPORATE SOCIAL RESPONSIBILITY:

The provisions of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to the Company.

38. ACKNOWLEDGEMENTS:

Your Directors wish to place on record their appreciation of the dedicated and untiring hard work put by the employees at all levels. Your Directors would like to thank the banks, consultants, auditors and above all the shareholders and valued customers for their continued support and patronage.

For and on behalf of the Board,

Place: Chennai

Date : 08.08.2019

(SANJAY KUMBHAT)

Managing Director

DIN: 03077193

**Block A, B Bungalow,
No. 234, Doshi Royale,**

**Kilpauk Garden Road,
Chennai – 600 010.**

(SARIKA KUMBHAT)

Director

DIN: 08032091

**Block A, B Bungalow,
No. 234, Doshi Royale,**

**Kilpauk Garden Road,
Chennai – 600 010.**

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“Annexure – 1”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L65991TN1993PLC024433
ii)	Registration Date	18.02.1993
iii)	Name of the Company	KUMBHAT FINANCIAL SERVICES LIMITED
iv)	Category/Sub-Category of the Company	Company Limited by Shares and Indian Non-Government Company
v)	Address of the Registered office and contact details	5 th Floor, Kumbhat Complex, No. 29, Rattan Bazaar, George Town, Chennai – 600 003. Tel: +91 95660 99991 / 95000 21161 e-mail ID: cs@kumbhatfinancialserviceslimited.com
vi)	Whether listed Company Yes/No	Yes – The Bombay Stock Exchange Limited; The Madras Stock Exchange Limited; The Hyderabad Stock Exchange Limited; The Coimbatore Stock Exchange Limited; and The Ahmedabad Stock Exchange Limited.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	CAMEO CORPORATE SERVICES LIMITED “Subramanian Building”, No. 1, Club House Road, Chennai – 600 002.

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II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Financing and Leasing Activities (NBFC)	65191	100.00%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
<i>Not Applicable</i>					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2,59,400	2,60,400	5,19,800	10.94	2,59,400	2,64,100	5,23,500	11.02	0.08
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):-	2,59,400	2,60,400	5,19,800	10.94	2,594,00	2,64,100	5,23,500	11.02	0.08
(2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):-	-	-	-	-	-	-	-	-	-
Total shareholding of promoter (A) = (A)(1) + (A)(2)	2,59,400	2,60,400	5,19,800	10.94	2,594,00	2,64,100	5,23,500	11.02	0.08

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Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding:									
1. Institutions									
a) Mutual Funds	-	200	200	0	-	100	100	0	-
b) Banks/FI	-	500	500	0.01	-	500	500	0.01	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1):-	-	700	700	0.01	-	600	600	0.01	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	271700	151100	422800	8.91	271700	150100	421800	8.88	-0.03
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share capital upto Rs.2 Lakhs	879665	2590500	3470165	73.05	953365	2518700	3472065	73.1	0.05
ii) Individual shareholders holding nominal share capital in excess of Rs.2 Lakhs	212114	62500	274614	5.78	212114	62500	274614	5.78	-
c) Others									
i. Hindu Undivided Families	22621	-	22621	0.48	18121	-	18121	0.38	(0.1)
ii. Non-Resident Indians	400	38900	39300	0.83	400	38700	39100	0.82	(0.01)
iii. Trusts	-	-	-	-	200	-	200	0.01	0.01
Sub-Total (B)(2):-	1386500	2843000	4229500	89.05	1455900	2770000	4225900	88.96	(0.08)
Total Public Shareholding (B) = (B)(1)+(B)(2)	1386500	2843700	4230200	89.06	1455900	2770600	4226500	88.97	(0.08)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1645900	3104100	4750000	100.00	1715300	3034700	4750000	100.00	-

Note: The above change in promoter's shareholdings is pursuant to consolidation of multiple folios opened in the name of promoters.

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(ii) Shareholding of Promoters:

Sl. No.	Shareholder's name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	
1.	AJIT KUMBHAT	180100	3.79	-	180800	3.81	-	0.02
2.	SANJAY KUMBHAT	74600	1.57	-	74600	1.57	-	-
3.	PUSHPA KUMBHAT	60000	1.26	-	60000	1.26	-	-
4.	SATISH KUMBHAT	50500	1.06	-	50500	1.06	-	-
5.	DILIP KUMBHAT	76600	1.61	-	76600	1.61	-	-
6.	VINAY KUMBHAT	39100	0.82	-	39100	0.82	-	-
7.	PREM PAREKH	13000	0.27	-	13000	0.27	-	-
8.	SHANTI KUMBHAT	10900	0.23	-	13900	0.29	-	0.06
9.	ASHOK KUMBHAT	10000	0.21	-	10000	0.21	-	-
10.	MADHU KUMBHAT	3400	0.07	-	3400	0.07	-	-
11.	PREM KUMBHAT	800	0.02	-	800	0.02	-	-
12.	SHAKUNTALA KUMBHAT	800	0.02	-	800	0.02	-	-

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(iii) Change in Promoter's Shareholding (please specify, if there is no change):

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Shri. AJIT KUMBHAT				
	At the beginning of the year	180100	3.79	180100	3.79
	Consolidation of multiple folios	700	0.01	180800	3.81
	At the end of the year	180800	3.81	180800	3.81
2.	Shri. SANJAY KUMBHAT				
	At the beginning of the year	74600	1.57	74600	1.57
	At the end of the year	74600	1.57	74600	1.57
3.	Smt. PUSHPA KUMBHAT				
	At the beginning of the year	60000	1.26	60000	1.26
	At the end of the year	60000	1.26	60000	1.26
4.	Shri. SATISH KUMBHAT				
	At the beginning of the year	50500	1.06	50500	1.06
	At the end of the year	50500	1.06	50500	1.06
5.	Shri. DILIP KUMBHAT				
	At the beginning of the year	76600	1.61	76600	1.61
	At the end of the year	76600	1.61	76600	1.61
6.	Shri. VINAY KUMBHAT				
	At the beginning of the year	39100	0.82	39100	0.82
	At the end of the year	39100	0.82	39100	0.82

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Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7.	Shri. PREM PAREKH				
	At the beginning of the year	13000	0.27	13000	0.27
	At the end of the year	13000	0.27	13000	0.27
8.	Shri. SHANTI KUMBHAT				
	At the beginning of the year	10900	0.23	10900	0.23
	Consolidation of multiple folios	3000	0.06	13900	0.29
	At the end of the year	13900	0.29	13900	0.29
9.	Shri. ASHOK KUMBHAT				
	At the beginning of the year	10000	0.21	10000	0.21
	At the end of the year	10000	0.21	10000	0.21
10.	Smt. MADHU KUMBHAT				
	At the beginning of the year	3400	0.07	3400	0.07
	At the end of the year	3400	0.07	3400	0.07
11.	Shri. PREM KUMBHAT				
	At the beginning of the year	800	0.02	800	0.02
	At the end of the year	800	0.02	800	0.02
12.	Smt. SHAKUNTALA KUMBHAT				
	At the beginning of the year	800	0.02	800	0.02
	At the end of the year	800	0.02	800	0.02

Note: The above change in promoter's shareholdings is pursuant to consolidation of multiple folios opened in the name of promoters.

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(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of top 10 shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	M/s. LUNIA INVESTMENTS AND FINANCE PRIVATE LIMITED				
	At the beginning of the year	230000	4.84	230000	4.84
	At the end of the year	230000	4.84	230000	4.84
2.	Shri. VINAY KUMBHAT				
	At the beginning of the year	146100	3.08	146100	3.08
	At the end of the year	146100	3.08	146100	3.08
3.	M/s. JAIN GRANITES & PROJECTS LIMITED				
	At the beginning of the year	49600	1.04	49600	1.04
	At the end of the year	49600	1.04	49600	1.04
4.	Shri. MADAN MOHAN CHANDAK				
	At the beginning of the year	39500	0.83	39500	0.83
	At the end of the year	39500	0.83	39500	0.83
5.	Smt. INDRA GALADA & Shri. VIMAL KUMAR GALADA				
	At the beginning of the year	38500	0.81	38500	0.81
	At the end of the year	38500	0.81	38500	0.81
6.	M/s. MANGALA INVESTMENTS LIMITED				
	At the beginning of the year	30000	0.63	30000	0.63
	At the end of the year	30000	0.63	30000	0.63
7.	Smt. MAHEK HARISHCHANDRA MEHTA & Shri. RUCHIT HARISHCHANDRA MEHTA				
	At the beginning of the year	28414	0.60	28414	0.60
	At the end of the year	28414	0.60	28414	0.60
8.	Shri. SANJAY KOTHARI				
	At the beginning of the year	24000	0.51	24000	0.51
	At the end of the year	24000	0.51	24000	0.51
9.	Shri. NAMASIVAYAM RAJKUMAR				
	At the beginning of the year	22600	0.48	22600	0.48
	At the end of the year	22600	0.48	22600	0.48
10.	Mr. ESUF AHMED NASHRULLAH				
	At the beginning of the year	20000	0.42	20000	0.42
	At the end of the year	20000	0.42	20000	0.42

Note: There was no change in the category of top ten shareholders during the financial year 2018-19.

KUMBHAT FINANCIAL SERVICES LIMITED

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Shri. SHANTI KUMBHAT (resigned with effect from 7 th February, 2019)				
	At the beginning of the year	10900	0.23	10900	0.23
	Consolidation of multiple folios	3000	0.06	13900	0.29
	At the end of the year	13900	0.29	13900	0.29
2.	Shri. K.N. NARAYANAN (resigned with effect from 1 st July, 2019)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3.	Shri. SANJAY KUMBHAT				
	At the beginning of the year	74600	1.57	74600	1.57
	At the end of the year	74600	1.57	74600	1.57
4.	Smt. SARIKA KUMBHAT				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
5.	Shri. S. SUNIL KUMR (appointed with effect from 1 st June, 2018)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
6.	Shri. MOHANRAJ SHANMUGAM (appointed with effect from 1 st June, 2018)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
7.	Shri. R. VENUGOPAL (appointed with effect from 1 st June, 2018 and resigned on 1 st July, 2019)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
8.	Shri. G. RAJASEKARAN (appointed with effect from 1 st July, 2019)				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-

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V. INDEBTNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(in ₹.)

	<i>Secured Loans excluding deposits</i>	<i>Unsecured loans</i>	<i>Deposits</i>	<i>Total Indebtedness</i>
Indebtedness at the beginning of the financial year:				
i) Principal Amount	-	1400000	-	1400000
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	1400000	-	1400000
Changes in Indebtedness during the financial year				
<input type="checkbox"/> Addition	-	(1400000)	-	(1400000)
<input type="checkbox"/> Reduction				
Net Change	-	(1400000)	-	(1400000)
Indebtedness at the end of the financial year:				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (in ₹)
		Name-1	Name-2	Name-3	
1.	Gross Salary	No Remuneration was paid to Managing Director, Whole-time Director and/or Manager during the financial year 2018-19.			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961.				
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961.				
	(c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total (A)				
	Ceiling as per the Act				

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B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
		Name-1	Name-2	Name-3	Name-4	
1.	Independent Directors: * Fee for attending board / committee meetings * Commission * Others, please specify Total (1)	No Remuneration was paid to other Directors during the financial year 2018-19.				
2.	Other Non-Executive Directors: * Fee for attending board / committee meetings * Commission * Others, please specify Total (2)					
	Total (B) = (1+2)					
	Total Managerial Remuneration (A+B)					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in ₹)
		MD	Company Secretary	CFO	
		Shri. SANJAY KUMBHAT	Shri. MOHANRAJ SHANMUGAM	Shri. R.VENUGOPAL	
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961. (b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961. (c) Profits in lieu of salary under section 17(3) of the Income-Tax Act, 1961.	-	275000	200000	475000
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
	Total	-	275000	200000	475000

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VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

<i>Type</i>	<i>Section of the Companies Act</i>	<i>Brief description</i>	<i>Details of Penalty / Punishment / Compounding Fees imposed</i>	<i>Authority (RD / NCLT / Court)</i>	<i>Appeal made, if any (give details)</i>
A. COMPANY					
Penalty	<i>There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.</i>				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	<i>There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.</i>				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	<i>There were no instances of penalties/punishment/compounding of offences during the financial year 2018-19.</i>				
Punishment					
Compounding					

For and on behalf of the Board,

(SANJAY KUMBHAT)
Managing Director

DIN: 03077193

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

(SARIKA KUMBHAT)
Director

DIN: 08032091

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

Place: Chennai

Date : 08.08.2019

KUMBHAT FINANCIAL SERVICES LIMITED

“Annexure – 2”

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014).

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm’s length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm’s length basis.

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	<i>There were no transactions with the related parties which were not entered on arm’s length basis.</i>
b)	Nature of contracts / arrangements / transaction	
c)	Duration of the contracts / arrangements / transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

Details of contracts or arrangements or transactions at Arm’s length basis.

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Shri. SHANTI KUMBHAT, Smt. SHAKUNTALA KUMBHAT and Smt. PUSHPA KUMBHAT – Relatives of key managerial personnel
b)	Nature of contract / arrangements / transaction	The Company in the ordinary course of its business, has taken on hire, the premises owned by above related parties. During the year 2018-19, the Company has paid a sum of Rs.6733/- to each related party towards such lease rentals.
c)	Duration of the contract / arrangements / transaction	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Date of approval by the Board	10.04.2018
f)	Amount paid as advances, if any	NIL

For and on behalf of the Board,

(SANJAY KUMBHAT)
Managing Director

DIN: 03077193

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

(SARIKA KUMBHAT)
Director

DIN: 08032091

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

Place: Chennai

Date : 08.08.2019

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Annexure – 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

S.No.	Particulars	Disclosure	
1.	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Shri. SANJAY KUMBHAT, Managing Director	Nil
2.	The percentage increase in remuneration of each director in the financial year.	Shri. SANJAY KUMBHAT, Managing Director	Nil
3.	The percentage increase in the median remuneration of employees in the financial year	0.00%	
4.	The number of permanent employees on the rolls of the Company	The Company had 3 employees on the rolls as on 31 st March, 2019.	
5.	The explanation on the relationship between average increase in remuneration and Company performance	While recommending increase in remuneration, the Company takes into account various factors like financial performance of the Company, comparison with peers, industry benchmarking and consideration towards cost of living adjustments and inflation. The Company follows holistic performance review mechanism to ensure that the increase is commensurate with the performance of employees and Company.	
6.	Comparison of the remuneration of the KMP against the performance of the Company	Not Applicable.	
7.	Variations in the market capitalization of the Company Price earnings ratio as at the closing date of the current FY and previous FY % increase or decrease in the market quotations of the Shares of the Company in comparison to the rate at which the Company came out with the last public offer	The trading in shares of the Company has been suspended by the Bombay Stock Exchange Limited and accordingly the said figures are not computable.	

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8.	Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Not Applicable.	
9.	Comparison of remuneration of each the KMP against the performance of the Company	Particulars	% of Turnover of the Company
		Shri. SANJAY KUMBHAT, Managing Director	Nil
10.	The Key parameters for any variable component of remuneration availed by the directors	There is no variable component in the remuneration of the Directors.	
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Not Applicable	
12.	Affirmation that the remuneration is as per the remuneration policy of the Company	As the members are aware that the Company does not pay any remuneration to its executive Directors as on date, accordingly, the Company is yet to frame any remuneration policy for the same.	

For and on behalf of the Board,

(SANJAY KUMBHAT)
Managing Director

DIN: 03077193

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

(SARIKA KUMBHAT)
Director

DIN: 08032091

Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.

Place: Chennai
Date : 08.08.2019

KUMBHAT FINANCIAL SERVICES LIMITED

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2018-2019:

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company always strives to achieve optimum performance at all levels by following and adhering to best corporate governance practices, such as:

- Fair and transparent business practice.
- Effective management Control by Board.
- Adequate representation of promoter, executive and independent directors on the Board.
- Compliance of Law.
- Transparent and timely disclosures of financial and management information.

2. BOARD OF DIRECTORS:

The Board of Directors of Kumbhat Financial Services Limited consists of four Directors. There are no institutional nominees on the Board. The details of composition and categories of Directors are given below:

S. No.	Name of the Director	Category
1.	Shri. Sanjay Kumbhat	Managing Director
2.	Smt. Sarika Kumbhat	Non-executive Non-Independent Director
3.	Shri. K.N. Narayanan	Non-executive Independent Director (Resigned with effect from July 1, 2019)
4.	Shri. S. Sunil Kumar	Non-executive Independent Director
5.	Shri. Sakthivel Murugan	Non-executive Independent Director (Appointed with effect from August 8, 2019)

The Chairman of the Board is Shri. SANJAY KUMBHAT (DIN: 03077193), Managing Director.

The Composition and category of Directors and their memberships in other Board/Committees as on 31st March, 2019 is as under:

S. No.	Name of the Director	Designation	No. of other Directorships held	No. of Memberships in Board committees of other Companies
1.	Shri. Sanjay Kumbhat	Managing Director	2	Nil
2.	Smt. Sarika Kumbhat	Non-Independent Director	1	Nil
3.	Shri. K.N. Narayanan	Independent Director	4	4
4.	Shri. S. Sunil Kumar	Independent Director	Nil	Nil

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3. BOARD PROCEDURE:

Board Meeting:

During 2018-2019, the Board of Directors duly met Eight (8) times on 10.04.2018, 21.05.2018, 01.06.2018, 27.07.2018, 10.09.2018, 29.09.2018, 09.11.2018 and 07.02.2019.

The details of the meeting of the Board of Directors are given below:

<i>Date of Meeting</i>	<i>Total Members</i>	<i>Attendance by number of members</i>
10.04.2018	4	4
21.05.2018	4	4
01.06.2018	5	5
27.07.2018	5	5
10.09.2018	5	5
29.09.2018	5	5
09.11.2018	5	5
07.02.2019	5	5

The annual operating plans, budgets, quarterly results, performance of various units/divisions and various other information, including those specified under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as amended from time to time, were duly placed before the Board of Directors of the Company.

Attendance of Directors at the Board Meetings and last Annual General Meeting.

<i>S. No.</i>	<i>Name of Director</i>	<i>Attendance</i>	
		<i>Board Meeting</i>	<i>Last AGM</i>
1.	Shri. Shanti Kumbhat	8	No
2.	Shri. Sanjay Kumbhat	8	Yes
3.	Smt. Sarika Kumbhat	8	No
4.	Shri. K.N. Narayanan	8	Yes
5.	Shri. S. Sunil Kumar	6	Yes

Note:

In accordance with the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Company's Articles of Association, Shri. SANJAY KUMBHAT (DIN: 03077193) retires by rotation at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-appointment.

Shri. S. SUNIL KUMAR (DIN: 06989391) was appointed as an Independent Director of the Company with effect from 1st June, 2018 during the financial year.

Shri. R. VENUGOPAL (PAN: ABWPV3592R) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st June, 2018 during the financial year.

KUMBHAT FINANCIAL SERVICES LIMITED

Shri. S. MOHANRAJ (M. No.: A10176) was appointed as Company Secretary of the Company with effect from 1st June, 2018 during the financial year.

Shri. SANJAY KUMBHAT (DIN: 03077193) was appointed as Managing Director of the Company for a period of three years with effect from 7th February, 2019 during the financial year.

Shri. SHANTI KUMBHAT (DIN: 02720773) resigned from the Board with effect from 7th February, 2019 during the financial year.

Shri. G. RAJASEKARAN (PAN: AEPPR8683H) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st July, 2019 during the year.

Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director and Shri. R. VENUGOPAL (PAN: ABWPV3592R) , Chief Financial Officer (CFO) resigned from the Board with effect from 1st July, 2019 during the year.

Shri. SAKTHIVEL MURUGAN (DIN: 08531800) was appointed as an Independent Director of the Company with effect from 8th August, 2019 during the financial year.

4. REMUNERATION TO DIRECTORS:

During the year the Company has not paid any remuneration to its Directors. Presently, the Company has not formulated a scheme for grant of stock options either to Executive Directors or employees.

5. AUDIT COMMITTEE:

At present, the Audit Committee consists of three members, one Independent Director and two Non-Executive Non-Independent Directors. The members of the Committee are Shri. S. SUNIL KUMAR (DIN: 06989391), Independent Director, Chairman with effect from 1st July, 2019, (Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director was Chairman of the Committee till 30th June, 2019), Shri. SANJAY KUMBHAT (DIN: 03077193) and Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Directors. The Statutory Auditors and Senior Executive Officers are the invitees of all meetings of committee.

The terms of reference of the Audit Committee includes matters which are set out in regulation 18 read with Part C of Schedule II of the Listing Regulations and section 177 of the Companies Act, 2013 and inter alia includes:

- a) overseeing the Company's financial reporting process and the disclosure of its financial information;
- b) examination of the financial statement and the auditor's report thereon;
- c) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- d) review and monitoring the auditor's independence and performance, effectiveness of the audit process;
- e) approval or any subsequent modification of the transactions of the company with related parties;
- f) scrutiny of inter corporate loans and investments;
- g) valuation of undertakings or assets of the company, wherever it is necessary;
- h) evaluation of internal financial controls and risk management system; and
- i) monitoring the end use of funds raised through public offers and related matters.

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The Audit Committee met five times during the year and attendance of audit committee is as under:

<i>Date of Meeting</i>	<i>Total Members</i>	<i>Attendance by number of members</i>
18.04.2018	3	3
21.05.2018	3	3
27.07.2018	3	3
09.11.2018	3	3
07.02.2019	3	3

6. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board has constituted Stakeholder's Relationship committee in accordance with the provisions of the Companies Act, 2013 and regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the members of the committee are Shri. S. SUNIL KUMAR (DIN: 06989391), Independent Director, Chairman with effect from 1st July, 2019, (Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director, was Chairman of the Committee till 30th June, 2019), Shri. SANJAY KUMBHAT (DIN: 03077193) and Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Directors.

The role of the Stakeholders Relationship Committee shall, inter-alia, include the following:

1. Dealing with the investors complaints like delay in transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends / share certificates, dematerialisation of shares, replacement of lost/stolen/mutilated share certificates, etc;
2. Reviewing of investors complaints and take necessary steps for redressal thereof;
3. To perform all functions relating to the interest of the stakeholders of the Company as may be required by the provisions of the Companies Act, 2013 and the rules made thereunder, Listing Agreements and the guidelines issued by SEBI or any other regulatory authority; and
4. Approval of the share transfers and / or delegation thereof.

Attendance of Stakeholders Relationship Committee:

<i>Date of Meeting</i>	<i>Total Members</i>	<i>Attendance by number of members</i>
21.05.2018	3	3
27.07.2018	3	3
01.09.2018	3	3
12.10.2018	3	3
26.10.2018	3	3
09.11.2018	3	3
23.11.2018	3	3
14.12.2018	3	3
04.01.2019	3	3
11.01.2019	3	3
08.02.2019	3	3
15.02.2019	3	3

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- The Company's shares are compulsorily traded in dematerialised form. Hence the Committee has met at relevant intervals considering the volume of transfers received in the demat segment.
- The Company has no transfers pending at the close of the financial year.
- The Company has not received any complaints during the year 2018-19.

7. NOMINATION AND REMUNERATION COMMITTEE:

Adhering to the requirements of the Companies Act, 2013 and regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of the Company has constituted Nomination and Remuneration Committee.

The members of the Committee are Shri. S. SUNIL KUMAR (DIN: 06989391), Independent Director, Chairman with effect from 1st July, 2019, (Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director, was Chairman of the Committee till 30th June, 2019), Shri. SANJAY KUMBHAT (DIN: 03077193) and Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Directors. The Main objective of the Committee is to decide amount of salary payable to Managing Director / Whole-time Directors in case the total payment is exceeding limit prescribed under section 197 of the Companies Act, 2013.

During the year the Company has not paid any remuneration to its Directors. Presently, the Company has not formulated a scheme for grant of stock options either to Executive Directors or employees.

The Company has paid a sum of Rs.2,00,000/- as remuneration to Shri. R. VENUGOPAL (PAN: ABWPV3592R), Chief Financial Officer and Rs.2,75,000/- to Shri. S. MOHANRAJ, Company Secretary of the Company.

The terms of reference of the Nomination and Remuneration Committee include:

- formulation of criteria for determining qualifications, positive attributes and independence of a director;
- recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- formulation of criteria for evaluation of Independent Directors and the Board;
- devising a policy on Board diversity; and
- identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

Attendance of the Committee during the year is follows:

<i>Date of Meeting</i>	<i>Total Members</i>	<i>Attendance by number of members</i>
21.05.2018	3	3
07.02.2019	3	3

8. RISK MANAGEMENT COMMITTEE:

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation measures to address such risks. The role of the Committee includes review of the risk

KUMBHAT FINANCIAL SERVICES LIMITED

management strategy developed by the management for approval by the Board, advise the Board on the prioritization of risk management issues, report the effectiveness of the Company's Risk Management Systems and carries out additional functions and adopts additional policies and procedures as may be appropriate in the light of changes in business, legislative, regulatory, legal and other conditions.

As at 31st March, 2019, the committee comprised of Shri. S. SUNIL KUMAR (DIN: 06989391), Independent Director, Chairman with effect from 1st July, 2019, (Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director, was Chairman of the Committee till 30th June, 2019), Shri. SANJAY KUMBHAT (DIN: 03077193) and Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Directors as Members. Members of the senior management team attend the meetings of the committee as permanent invitees.

Attendance of the Committee during the year is follows:

<i>Date of Meeting</i>	<i>Total Members</i>	<i>Attendance by number of members</i>
07.02.2019	3	3

9. GENERAL BODY MEETINGS:

The details of the location and time for last three Annual General Meetings are given below:

<i>Year</i>	<i>Location</i>	<i>Date</i>	<i>Time</i>	<i>No. of Special business</i>
2015-2016	Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004.	30 th September, 2016	9.15 A.M.	-
2016-2017	Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004.	30 th December, 2017.	10.00 A.M.	5*
2017-2018	Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004.	29 th September, 2018	11.00 A.M.	-

- *1. Appointment of **Shri. RAJU KHATRI (DIN: 06989326)** as an Independent Director of the Company;
2. Appointment of **Shri. K.N. NARAYANAN (DIN: 01543391)** as an Independent Director of the Company;
3. Appointment of **Shri. SANJAY KUMBHAT (DIN: 03077193)** as Director of the Company;
4. Appointment of **Smt. SARIKA KUMBHAT (DIN: 08032091)** as Director of the Company; and
5. Authorisation to enter into transactions with related parties.

10. CHANGES IN DIRECTORS AND KEY MANAGERIAL PERSONNEL:

In accordance with the provisions of section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Company's Articles of Association, Shri. SANJAY KUMBHAT (DIN: 03077193) retires by rotation at the forthcoming Annual General Meeting, and he being eligible, offers himself for re-appointment. The Board recommends the re-appointment.

Shri. S. SUNIL KUMAR (DIN: 06989391) was appointed as an Independent Director of the Company with effect from 1st June, 2018 during the financial year.

KUMBHAT FINANCIAL SERVICES LIMITED

Shri. R. VENUGOPAL (PAN: ABWPV3592R) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st June, 2018 during the financial year.

Shri. S. MOHANRAJ (M. No.: A10176) was appointed as Company Secretary of the Company with effect from 1st June, 2018 during the financial year.

Shri. SANJAY KUMBHAT (DIN: 03077193) was appointed as Managing Director of the Company for a period of three years with effect from 7th February, 2019 during the financial year.

Shri. SHANTI KUMBHAT (DIN: 02720773) resigned from the Board with effect from 7th February, 2019 during the financial year. The Board placed on record their appreciation for the active guidance and valuable services rendered by him during his tenure as Director of the Company.

Shri. G. RAJASEKARAN (PAN: AEP8683H) was appointed as Chief Financial Officer (CFO) of the Company with effect from 1st July, 2019 during the year.

Shri. K.N. NARAYANAN (DIN: 01543391), Independent Director and Shri. R. VENUGOPAL (PAN: ABWPV3592R), Chief Financial Officer (CFO) resigned from the Board with effect from 1st July, 2019 during the year. The Board placed on record their appreciation for the active guidance and valuable services rendered by them during their tenure as Independent Director and Chief Financial Officer of the Company.

Shri. SAKTHIVEL MURUGAN (DIN: 08531800) was appointed as an Independent Director of the Company with effect from 8th August, 2019 during the year.

11. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an evaluation of its own performance, the individual Directors as well as an evaluation of the working of its Committees viz., Audit, Nomination and Remuneration, Stakeholders Relationship and Risk Management Committees. Structured questionnaires were prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as attendance, level of participation in the meetings and contribution, independence of judgment, safeguarding the interest of the Company and other stakeholders, etc.

The performance evaluation of the Independent Directors was carried out by the entire Board.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. Chairman of the Nomination and Remuneration Committee anchored the session on chairman evaluation. Inputs from the Non-Independent Directors were also considered by the Independent Directors while evaluating the performance of the Chairman.

12. DISCLOSURES:

a). Related Party Transactions:

During the year, there were no materially significant related party transactions considered to have potential conflict with the interests of the Company at large. The Company has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions.

KUMBHAT FINANCIAL SERVICES LIMITED

b). Whistle Blower Policy and Vigil Mechanism:

The Company has established a whistle blower mechanism to provide an avenue to raise concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimisation of directors / employees / customers who avail of the mechanism and also for appointment of an ombudsperson who will deal with the complaints received.

The Company has laid down a Whistle Blower Policy which contains the process to be followed for dealing with complaints and in exceptional cases, also provides for direct access to the chairperson of the audit committee. The Company affirms that no person has been denied access to the Audit Committee. The Whistle Blower Policy is available at our website www.kumbhatfinancialserviceslimited.com

c). Compliance with mandatory requirements:

The Company has complied with all mandatory requirements as laid down in the Listing Regulations.

d). Compliance with Accounting Standards:

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

e). Disclosure from Senior Management:

Periodical disclosures from senior management relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had potential conflict with the interest of the Company at large were placed before the Board.

During the year under review, the Company has not raised any funds from public issue, rights issue or preferential issue.

f). Prevention of Insider Trading:

As per the requirement in the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of practices and procedures for fair disclosure of unpublished price sensitive information. A Code of Conduct to regulate, monitor and report trading by insiders in securities of the Company has also been formulated.

g). Compliance with the Code of Conduct:

The Board has laid-down a "Code of Conduct" (Code) for all the Board members and the senior management of the Company. Annual declaration regarding compliance with the Code is obtained from every person covered by the Code of Conduct. A declaration to this effect signed by the Managing Director is forming part of this report.

h). Compliance with Corporate Governance Norms:

The Company has complied with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

The Statutory Auditors have certified that the Company has complied with the conditions of corporate governance as stipulated in the Listing Regulations. The said certificate is annexed to this Report and will be forwarded to the Stock Exchanges and the Registrar of Companies, Tamilnadu, Chennai, along with the Annual Report.

KUMBHAT FINANCIAL SERVICES LIMITED

i). Disclosures of non-compliance by the Company:

The shares of your Company continue to be listed on the BSE (Bombay Stock Exchange Limited).

The trading in the securities of the Company has been suspended on the exchange since 2015 due to non-compliance with the various provisions of the listing agreement and listing regulations.

Further, the Company has submitted all the required statutory returns with the exchange and are awaiting the order for revocation of suspension. In the course of rectifying such non-compliances, the Company has also paid the Revocation/Restoration fees of Rs.70.06 Lakhs.

The Company has obtained Secretarial Audit Report from M/s. ACHARYA S.K. & ASSOCIATES, Company Secretaries for the year 2018-19. The observations made by the secretarial auditors and the explanation for the same is provided in the Director's Report.

j). As regards the non-mandatory requirements, the following have been adopted:

The quarterly financial results are published in leading financial newspapers and uploaded on the Company's website. The Company has therefore not been sending the half yearly financial results to the shareholders.

13. CODE OF CONDUCT:

The Board of Kumbhat Financial Services Limited had laid down a code of conduct for all the Board members and the senior management. All the members and the senior management personnel have affirmed compliance of the code. A declaration of Managing Director of the Company is attached with this Annual Report.

The Code of Conduct is available at our website www.kumbhatfinancialserviceslimited.com

14. MEANS OF COMMUNICATION:

The Annual, half yearly and quarterly results are regularly submitted to the Stock Exchange in accordance with the listing Agreement and also published in News papers. The Unaudited results for every quarter and the Audited results for the year end is published in the newspapers. The management discussion and analysis report is forming part of the Annual Report.

15. GENERAL SHAREHOLDERS INFORMATION:

a). Annual General Meeting: 26th Annual General Meeting of the Company will be held on Wednesday, the 25th September, 2019 at Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004, at 10.00 a.m.

b). Date of Book Closure: The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 19th September, 2019 to Wednesday, the 25th September, 2019 (both days inclusive).

c). Financial Year: 1st April, 2018 to 31st March, 2019.

d). Financial Calendar (Tentative):

First Quarter: August, 2019

Second Quarter & Half Yearly: November, 2019

Third Quarter: February, 2020

For the year ended 31st March, 2020: May, 2020

KUMBHAT FINANCIAL SERVICES LIMITED

e). Listing on Stock Exchanges:

- (i) The Madras Stock Exchange Limited with scrip code KFS
- (ii) The Bombay Stock Exchange Limited with scrip code KUMPFIN – 526869
- (iii) The Hyderabad Stock Exchange Limited with scrip code KFS
- (iv) The Coimbatore Stock Exchange Limited with scrip code 21108
- (v) The Ahmedabad Stock Exchange Limited with scrip code KUMBHATFIN – 31609

f). Market price data:

Months	BSE		
	High (Rs.)	Low (Rs.)	Volume (No.)
April 2018	<p style="text-align: center;"><i>The trading in shares of the Company has been suspended since the year 2015 and accordingly the market price data for the financial year 2018-19 is not available.</i></p> <p style="text-align: center;"><i>However, the last market price at the Bombay Stock Exchange Limited (BSE) was Rs.2.35/-</i></p>		
May 2018			
June 2018			
July 2018			
August 2018			
September 2018			
October 2018			
November 2018			
December 2018			
January 2019			
February 2019			
March 2019			

g). Share Transfer System:

Registrar & Share Transfer Agents: M/s. Cameo Corporate Services Limited. All the transfers are processed and approved by the Share Transfer Committee.

h). Distribution of Shareholdings as on March 31, 2019:

Distribution of Shareholdings pattern based on categories of shareholdings as on March 31, 2019.

S. No.	Category	No. of Shares held	% of Shareholding
1	Resident-Ordinary	3746579	78.8753%
2	Resident-Minor	100	0.0021%
3	FI-Others	500	0.0105%
4	NRI-Repatriable	38700	0.8147%
5	NRI-Non Repatriable	400	0.0084%
6	Corporate Body-Domestic	190600	4.0126%
7	Corporate Body-Others	200	0.0042%
8	Corporate Body-Margin Account	200	0.0042%
9	Corporate Body-Broker	230800	4.8589%
10	Mutual Funds	100	0.0021%
11	Trusts	200	0.0042%
12	Resident-HUF	18121	0.3814%
13	Promoters	523500	11.0210%
	Grand Total	4750000	100.00%

KUMBHAT FINANCIAL SERVICES LIMITED

Distribution of Shareholdings based on slab of Shareholdings as on March 31, 2019:

<i>Slab Shareholdings</i>	<i>Shareholders</i>	<i>%</i>	<i>Amount (In Rs.)</i>	<i>%</i>
10 – 5000	6990	83.7326	12741200	26.8235
5001 – 10000	741	8.8763	6481510	13.6452
10001 – 20000	298	3.5697	4450990	9.3705
20001 – 30000	153	1.8327	3825640	8.0539
30001 – 40000	36	0.4312	1255750	2.6436
40001 – 50000	49	0.5869	2358000	4.9642
50001 – 100000	44	0.5270	3254770	6.8521
100001 and above	37	0.4432	13132140	27.6466
Total	8348	100.00	47500000	100.00

i). Dematerialization of Shares:

The Company's Equity Shares are included in the list of Companies whose scrips have been mandated by SEBI for settlement only in dematerialized form by all investors. The Company has signed agreements with National Securities Depository Limited and Central Depository Services (India) Limited to offer depository service to its shareholders and has paid one time custody charges to NSDL and is regularly paying annual charges to CDSL for the benefit of its members. The Company's ISIN is INE795E01019.

j). Nomination Facility:

Section 72 of the Companies Act, 2013 provides inter alia, the facility of nomination to shareholders. This facility is mainly useful for all holders holding the shares in single name. In case where the securities are held in joint names, the nomination will be effective only in the event of the death of all the holders. Shareholders are advised to avail of this facility.

k). General:

Members are requested to quote their Folio No. / DP & Client ID Nos, Email ids, Telephone/Fax numbers for timely investor servicing by the Company/Registrar and Transfer Agent. Members holding shares in electronic form are requested to update with their depository participant their present address, email ids and bank particulars (9 digit MICR code).

l). Outstanding GDR's/ADR's warrants or any Convertible Instruments:

During the year no Global Depository Receipts (GDRs) / American Depository Receipts (ADRs) / Warrants or any convertible instruments were issued.

m). Investor Correspondence:

For Transfer, Transmission, dematerialization of shares and change of address may be pleased to contact:

M/s. Cameo Corporate Services Limited

'Subramanian Building'

No. 1, Club House Road,

CHENNAI – 600 002.

Phone: (044) 2846 0930

KUMBHAT FINANCIAL SERVICES LIMITED

For any other queries relating to Secretarial matters may be contacted with:

M/s. KUMBHAT FINANCIAL SERVICES LIMITED

Regd. Off.: 5th Floor, Kumbhat Complex,
No. 29, Rattan Bazaar, George Town,
Chennai – 600 003.

Shareholders holding shares in electronic mode shall send all their correspondences to their respective Depository Participant.

**By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED**

**Place: Chennai
Date : 08.08.2019**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193
Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.**

DECLARATION OF MD & CEO

I, SANJAY KUMBHAT, Managing Director of **M/s. KUMBHAT FINANCIAL SERVICES LIMITED** do hereby declare that the Company has duly complied with requirements relating to the code of conduct as laid down in the Listing Agreement entered with the Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED**

**Place: Chennai
Date : 08.08.2019**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193
Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.**

KUMBHAT FINANCIAL SERVICES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview:

With the Indian economy growing at the steady annual growth rate over the past three years, the government is laying stress on inclusive development. The investment in rural infrastructure has gone up and consequently the demand for finance too. This is expected to be sustained for another five years, in view of continued thrust of the successive governments in infrastructure development.

Opportunities:

The continued exponential growth in the country has created enormous opportunities for financial intermediaries to exploit favourable and propel their business to greater heights.

India has emerged as one of the fastest growing economies in the globe and has generated a lot of interest among foreign investors both financial and strategic. Global players see India as the future economic powerhouse and they are making huge investments in different business within the country. Buoyant market conditions and sustained economic growth over the past few years coupled with a very positive outlook in the coming years give the business of our Company.

Threats:

New entrants could be a threat to the various business segments of the Group. However, competition only help the Group build a strong business model, employ the best human talent and capitalize on the long years of excellent client relationship and a proven track record.

Segment-wise or product-wise performance:

At present the Company is carrying on only one segment of financing business.

Risks and concerns:

Any change in the interest rate in the market will have impact on the profit of the company. The company has a defined credit policy duly approved and reviewed by the Management from time to time. The credit policy is strictly implemented and the debtors are regularly monitored. However any default or downgrade of credit worthiness of customers may affect profitability.

The Company strives to comply with all the statutory laws of the Country. But the same law may be misused by opposite party especially the defaulters. It may happen in financial business that some people may get loan from the financiers with no intention to repay.

Internal control systems and their adequacy:

The Company has instituted adequate internal control procedure commensurate with the nature of its business and size of its operations. It is based on well-defined individual roles and responsibilities with their limit of authority at various level, as well as effective feedback flow. All the significant observations and follow-up actions thereon are reported to the Board of Directors.

KUMBHAT FINANCIAL SERVICES LIMITED

Human Resource/Industrial Relation:

Your Company believes that its employees represent the backbone of its success. The Company, on one hand provides its people with an environment in which they develop, excel and innovate, while on other, it sets challenging targets and rewards superior performance.

The HR Policies of the company have been designed to achieve the following goals:

- Better quality and safety;
- Research and development capabilities; and
- Lesser attrition rate.

Industrial relations at all the works of the Company remained cordial and harmonious during the current period under review. Despite severe competition, the enthusiasm and unstinting efforts of the employees have enabled the company to remain at the forefront of the industry. There is no transaction conflicting with the interest of the company.

Cautionary statement

Estimates and expectations stated in this Management Discussion and Analysis may be “forward-looking statements” within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to your Company’s operation include economic conditions affecting the interest rate, inflation, changes in the interest rate, changes in the Government regulations, tax laws, other statues and incidental factors. The Company undertakes no responsibility to update or revise any forward-looking statement.

KUMBHAT FINANCIAL SERVICES LIMITED

CEO / CFO CERTIFICATION

We, **Shri. SANJAY KUMBHAT (DIN: 03077193)** and **Shri. R. VENUGOPAL (PAN: ABWPV3592R)**, Chief Financial Officer (CFO) , the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of **M/s. KUMBHAT FINANCIAL SERVICES LIMITED** (“the Company”) to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief, we state that:
 - 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 listed entity’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violation of the Company’s code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) Significant changes, if any, in internal control over financial reporting during the year;
 - ii) Significant changes, if any, 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 have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control systems over financial reporting.

**By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED**

**Place: Chennai
Date : 16.05.2019**

**(Shri. R. VENUGOPAL)
Chief Financial Officer
(PAN: ABWPV3592R)
New No. 30,
Raju Street, West Mambalam,
Chennai - 600 033.**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193
Block A, B Bungalow,
No. 234, Doshi Royale,
Kilpauk Garden Road,
Chennai – 600 010.**

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
M/s. KUMBHAT FINANCIAL SERVICES LIMITED
5th Floor, Kumbhat Complex,
No. 29, Rattan Bazaar, George Town,
CHENNAI – 600 003.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. KUMBHAT FINANCIAL SERVICES LIMITED** (hereinafter called "*the Company*"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of **KUMBHAT FINANCIAL SERVICES LIMITED's** books, papers, minutes book, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes book, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2019** according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) During the year under review, the Company has not made any Foreign Direct Investment, Overseas Direct Investment nor any External Commercial Borrowings and accordingly the compliance of the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder does not arise;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) During the year under review, the Company has not issued any securities and accordingly the compliance of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 does not arise;
- d) During the year under review, the Company has not issued any securities or options to its employees and accordingly the compliance of the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 does not arise;
- e) During the year under review, the Company has not issued and listed any debt securities and accordingly the compliance of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 does not arise;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Company and dealing with client;
- g) During the year under review, the Company has not delisted its securities from any of the stock exchange in which it is listed and accordingly the compliance of the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 does not arise;
- h) During the year under review, the Company has not bought back any securities and accordingly the compliance of the provisions of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 does not arise;
- i) The Reserve Bank of India Act, 1934 to the extent applicable to a Non-Banking Finance Company not accepting deposits.

With respect to fiscal laws such as Income Tax Act and Service Tax and labour laws such as Provident Fund, Gratuity, Insurance, Prevention of Sexual Harassment and Compensation, based on the information and explanations provided by the Company and also on verification of reports of other professionals, we report that adequate systems are in place to monitor and ensure compliance of fiscal and labour laws as mentioned above.

We have also examined compliance with applicable clauses of the following;

- (1) The Secretarial Standards on Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and as prescribed under sub-section 10 of section 118 of the Companies Act, 2013.
- (2) The Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited (BSE), The Madras Stock Exchange Limited, The Hyderabad Stock Exchange Limited, The Coimbatore Stock Exchange Limited and The Ahmedabad Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *Except for general delays made in filing the e-Forms under the Companies Act, 2013, the Company has, prima facie, been regular in furnishing its required returns.*
2. *As informed by the management, the promoters of the Company are yet to dematerialize all their share holdings in the Company.*
3. *The shares of the Company are suspended from trading in the Bombay Stock Exchange Limited pursuant to the non-compliance with the provisions of the listing agreement. As informed by the management, the Company has submitted all the required statutory returns with the exchange and are awaiting the order for revocation of suspension. In the course of rectifying such non-compliances, the Company has also paid the Revocation/Restoration fees of Rs.70.06 Lakhs.*
4. *With regard to compliances with other stock exchanges where the shares of the Company were earlier listed, viz., The Madras Stock Exchange Limited, The Hyderabad Stock Exchange Limited, The Coimbatore Stock Exchange Limited and The Ahmedabad Stock Exchange Limited, we have been informed that the said exchanges have been closed by the orders of Securities and Exchange Board of India (SEBI) and any communications with the said exchanges are returned undelivered.*

We further report that

The Board of Directors of the Company is duly constituted. The Changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried through with the consent of all the Directors / Committee members present and hence there were no instances of dissent by the members.

Except as reported above, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events / actions having a major bearing on the Company's Affairs.

For ACHARYA S.K. & ASSOCIATES
Company Secretaries

Place: Kolkata

Date : 08.08.2019

(S.K. ACHARYA)
Proprietor
FCS 6013 C.P. No. 5903

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
M/s. KUMBHAT FINANCIAL SERVICES LIMITED
5th Floor, Kumbhat Complex,
No. 29, Rattan Bazaar, George Town,
Chennai – 600 003.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For ACHARYA S.K. & ASSOCIATES
Company Secretaries

Place: Kolkata
Date : 08.08.2019

(S.K. ACHARYA)
Proprietor
FCS 6013 C.P. No. 5903

Compliance Certificate on Corporate Governance

Auditors Certificate

(Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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 31st March 2019 as stipulated in Para E of Schedule V of the Listing Regulations of the said company with the 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 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, 2015-16 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 Regulations

As required by the Guidance note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained and certified by the Company Registrars and Transfer Agent of the company there was no investor grievances remaining unattended/ pending for more than 30 days as at 31st March 2019.

We further state that such compliance is neither an assurance as to the future viability of company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Raju & Daftary,**

ICAI Firm Registration No.015535S

Chartered Accountants

Sumit Daftary

Partner

Membership No. 237510

Place : Chennai.

Date : May 16th, 2019.

INDEPENDENT AUDITORS' REPORT

To the Members of Kumbhat Financial Services Limited

Opinion

We have audited the financial statements of Kumbhat Financial Services Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the statement of Profit and Loss, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2019, the loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We did not come across any matter of such material significance to be reported in this section.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014,
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) 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:

1. The Company has no pending litigations which would have a material impact on its financial position.
2. The Company has not entered into any long term contracts including derivative contracts for which there were any material foreseeable losses.
3. There has not been an occasion in case of the company during the year under report to transfer of any sums to the Investor Education and Protection Fund by the Company. The question of delay in transferring such sums does not arise.

For **Raju & Daftary**,

ICAI Firm Registration No.015535S

Chartered Accountants

Sumit Daftary

Partner

Membership No. 237510

Place : Chennai.

Date : May 16th, 2019.

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of KUMBHAT FINANCIAL SERVICES LIMITED of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Kumbhat Financial Services Limited (“the Company”) as of 31st March, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and

directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Raju & Daftary**,

ICAI Firm Registration No.015535S

Chartered Accountants

Sumit Daftary

Partner

Membership No. 237510

Place : Chennai.

Date : May 16th, 2019.

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- i
 - (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 and no material discrepancies have been noticed on such verification.
 - (c) The Company is not having any immovable property.
- ii The inventories of the company consists of quoted and unquoted shares. In our opinion and according to the information and explanations given to us, the verification of quoted shares are done by way of confirmation from the Depository Institution and the physical verification of unquoted shares has been conducted at reasonable intervals. Also according to the information and explanations given by the management, material discrepancies do not exist.
- iii According to the information and explanations given to us and on the basis of our examination, the Company has not granted during the year any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 and accordingly, the provisions of Clause 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv The provisions of section 185 are not applicable to this company. According to the information and explanations given to us, the company has not made investments or provided guarantees or granted loans and security that would require the compliance of provisions Sec.186 of the Act. Accordingly the provisions of Clause (iv) of paragraph 3 of the order are not applicable to the company.
- v According to the information and explanations given to us and on the basis of our examination, the company has not accepted any deposits from the public and hence the directive issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and Companies (Acceptance of Deposits) Rules, 2015 with regard to the deposits accepted from the public are not applicable to the Company.
- vi According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the products and services rendered by the company. Accordingly, paragraph 3(vi) of the Order is not applicable.
- vii According to the information and explanations given to us in respect of statutory dues and on the basis of our examination of books and records:
 - a) The Company has generally been regular in depositing the undisputed statutory dues, including Income Tax, GST and other material statutory dues, as applicable, with the appropriate authorities in India.
 - b) There were no undisputed amounts payable in respect of Income tax, Cess and other material Statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable.

- c) According to the information and explanations given to us and as based on the records of the company examined by us, there are no dues of Income Tax, Wealth tax, Service Tax, Sales Tax, Customs duty, Excise duty, GST which have not been deposited on account of any disputes.
- viii According to the information and explanations given to us, the Company has not taken any loans from banks nor has issued any debenture during the year. Hence, clause 3 (viii) of the order is not applicable to the company.
- ix According to the information and explanations given to us, the company has not raised by way of initial public offer or further public offer (including debt instruments) or raised any term loans. Hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.
- x Based on the audit procedures and as per the information and explanations given by the management, the company has not committed any fraud and no fraud on the Company has been committed by its officers or employees during the year.
- xi In our opinion and according to the information and explanations given to us, the Company has not paid/ provided managerial remuneration during the year, hence clause 3 (xi) of the order is not applicable to the company.
- xii In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, Clause 3 (xii) of the Order is not applicable.
- xiii According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements, as required by the applicable Accounting Standards;
- xiv According to the information and explanations given to us, no preferential allotment or private placement of shares or fully or partly convertible debentures has been made during the year under review and hence this clause 3 (xiv) of the Order is not applicable.
- xv According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of Clause 3 (xv) of the Order are not applicable to the Company.
- xvi The company is required to and has been registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Raju & Daftary**,

ICAI Firm Registration No.015535S

Chartered Accountants

Sumit Daftary

Partner

Membership No. 237510

Place : Chennai.

Date : May 16th, 2019.

KUMBHAT FINANCIAL SERVICES LIMITED

Balance Sheet as at 31st March, 2019

In ₹

Particulars	Note No.	As at 31.03.2019	As at 31.03.2018
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	4,75,00,000	4,75,00,000
(b) Reserves and Surplus	3	18,06,837	1,38,56,362
(2) Non-Current Liabilities			
(a) Deferred Tax Liabilities (Net)	4	-	1,86,186
(b) Long term provisions	5	1,69,255	1,69,255
(3) Current Liabilities			
(a) Short Term Borrowings	6	-	14,00,000
(b) Trade Payables	7		
(i) Total Outstanding dues of Micro Enterprises; and		-	-
(ii) Total Outstanding dues of Creditors other than Micro Enterprises & Small Enterprises		-	-
(c) Other current liabilities	8	2,58,900	28,000
(d) Short-Term provisions	9	-	7,48,566
Total		4,97,34,992	6,38,88,369
II ASSETS			
(1) Non-current assets			
(a) Property Plant and Equipment			
(i) Tangible assets	10	26,406	1,00,107
(b) Other Non Current Assets	11	3,000	3,000
(2) Current assets			
(a) Inventories	12	13,62,120	13,62,120
(b) Trade receivables	13	4,82,15,874	6,14,58,610
(c) Cash and cash equivalents	14	1,03,592	1,32,046
(d) Other current assets	15	24,000	8,32,486
Total		4,97,34,992	6,38,88,369
Significant Accounting Policies	1		

The Notes 1 to 32 forms integral part of this Balance Sheet.

As per our report of even date

For RAJU & DAFTARY
 CHARTERED ACCOUNTANTS
 FRN: 015535S

For and on behalf of the Board

[Sumit Daftary]
 Partner
 M NO: 237510

[Sanjay Kumbhat]
 Managing Director

[Sarika Kumbhat]
 Director

Place : Chennai
 Date : 16-05-2019

[R Venugopal]
 Chief Financial Officer

[S Mohanraj]
 Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

Statement of Profit and Loss for the year ended 31st March, 2019

In ₹

	Particulars	Note No.	For the year ended 31.03.2019	For the year ended 31.03.2018
(1)	Revenue from operations	16	46,04,460	46,63,993
(2)	Other Income	17	3,191	3,191
	Total Revenue (1)+(2)		46,07,651	46,67,184
(3)	Expenses			
	(i) Changes in Inventories of Stock in Trade	18	-	-
	(ii) Employee benefit expenses	19	5,05,000	5,59,658
	(iii) Depreciation	10	9,400	-
	(iv) Other expenses	20	1,58,04,326	19,59,723
	Total Expenses		1,63,18,726	25,19,381
(4)	Profit before exceptional and extraordinary items and tax (1)+(2)-(3)		(1,17,11,075)	21,47,804
(5)	Exceptional Items			-
(6)	Profit before extraordinary items and tax (4)-(5)		(1,17,11,075)	21,47,804
(7)	Extraordinary Items		-	-
(8)	Profit before tax (6)-(7)		(1,17,11,075)	21,47,804
(9)	Less: Tax expense:			
	(a) Current tax		-	7,48,566
	(b) Tax for Earlier period		5,24,636	11,87,999
	(c) Deferred tax		(1,86,186)	5,046
(10)	Profit/(Loss) for the period (8)-(9)		(1,20,49,525)	206,193
	Earning per equity share:			
	(a) Basic		(2.54)	0.04
	(b) Diluted		(2.54)	0.04

The Notes 1 to 32 forms integral part of this Statement of Profit and Loss.

As per our report of even date

For RAJU & DAFTARY
 CHARTERED ACCOUNTANTS
 FRN: 015535S

For and on behalf of the Board

[Sumit Daftary]
 Partner
 M NO: 237510

[Sanjay Kumbhat]
 Managing Director

[Sarika Kumbhat]
 Director

Place : Chennai
 Date : 16-05-2019

[R Venugopal]
 Chief Financial Officer

[S Mohanraj]
 Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

Cash Flow Statement for the year ended 31st March, 2019

In ₹

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
I Cash flows from operating activities		
Profit before extra ordinary item and tax	(1,17,11,075)	21,47,804
Adjustments for:		
Depreciation	9,400	-
Fixed Asset Written off	96,301	5,35,000
Provision for gratuity	-	19,658
Operating profit before working capital changes	(1,16,05,374)	27,02,462
Adjustments for:		
(Decrease)/increase in other current liabilities	2,30,900	(4,54,480)
(Decrease)/increase in Short Term provisions	(7,48,566)	2,59,830
Decrease/(increase) in Trade Receivables	1,32,42,736	(26,78,751)
Decrease/(increase) in Other Current Assets	8,08,486	(7,74,652)
(Decrease)/increase in Short Term borrowings	(14,00,000)	14,00,000
(Decrease)/increase in deferred tax liability	-	(5,046)
Cash generated from operations	5,28,182	4,49,363
Income tax Paid	(5,24,636)	(19,41,611)
Net cash from operating activities (A)	3,546	(14,92,248)
II Cash flow from financing activities		
Purchase of Fixed Assets	(32,000)	-
Net cash used in investing activities (B)	(32,000)	-
III Cash flow from financing activities		
Repayment of Loan	-	-
Net cash (used)/generated in financing activities (C)	-	-
Net Cash flows during the period (A+B+C)	(28,454)	(14,92,248)
Add: Opening Cash And Cash Equivalents	1,32,046	16,24,294
Closing Cash and Cash Equivalents	1,03,592	1,32,046

As per our report of even date

For RAJU & DAFTARY
 CHARTERED ACCOUNTANTS
 FRN: 015535S

For and on behalf of the Board

[Sumit Daftary]
 Partner
 M NO: 237510

[Sanjay Kumbhat]
 Managing Director

[Sarika Kumbhat]
 Director

Place : Chennai
 Date : 16-05-2019

[R Venugopal]
 Chief Financial Officer

[S Mohanraj]
 Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

for the year ended 31st March, 2019

Company Overview

Kumbhat Financial Services Limited is a Public incorporated on 18 February 1993. It is a Non Banking Financial Company (Non-Deposit Taking) registered with Reserve Bank of India and is primarily engaged in the business of providing commercial and financial loans.

1.1 Basis of Preparation:

The financial statements have been prepared to comply in all material respects with the Accounting Standards and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on an accrual basis. Unless otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

1.2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Also these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates and any such differences are dealt with in the period in which the results are known or materialized.

1.3 Inventories

Inventories are valued at lower of Cost or Net Realisable Value

1.4 Cash Flow Statement:

Cash flow is reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the company is segregated.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

1.5 Contingencies and Events occurring after the balance sheet date

Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty, are treated as contingent and disclosed in notes to accounts

1.6 Net profit or loss for the period, prior period items & changes in accounting policies

Prior period items, extraordinary items and changes in accounting policies having material impact on the affairs of the financial statements are disclosed

1.7 Revenue Recognition:

Interest on loan transactions: Income on loan transaction is accounted by using the internal rate of return method. Consequently, a constant rate of return on net outstanding amount is accrued over the period of the contract, except that no income is recognized on non performing assets as per the prudential norms for income recognition issued by RBI for NBFCs. Interest receipts on such assets is

KUMBHAT FINANCIAL SERVICES LIMITED

recognized on receipt basis. Income from sale/ assignment of loan assets is recognized at the time of sale. Income from current and long term investments Income from dividend on shares of corporate bodies and units of mutual funds is accounted on accrual basis when the company's right to receive dividend is established.

Expenditure: Expenditures are accounted on accrual basis and provision is made for all known expenses/ losses and liabilities.

1.8 Provisions for Standard / Non Performing Assets and Doubtful Debts

The Company provides an allowance for loan receivables and debentures / bonds in the nature of advance based on the prudential norms issued by the RBI relating to income recognition, asset classification and provisioning for non-performing assets except for construction equipment, auto and personal loan portfolio where in addition to the provisioning as per RBI norms, the Company also provides for/write off the entire receivables, where any of the installments are overdue for a period exceeding 11 months.

In addition the company provides for restructured assets (including standard assets) as required by the directions issued by RBI.

1.9 Property, Plant and Equipment:

Fixed Assets are stated at cost of acquisition less accumulated depreciation/amortization and impairment if any. The Cost of Fixed Assets comprises of purchase price and any other costs directly attributable to bringing the asset to its working condition for its intended use.

Considering the applicability of Schedule II, the management estimated useful lives and residual values of all its fixed assets, and has aligned the estimated useful life of fixed assets to the life specified under Schedule II of the Companies Act 2013.

Depreciation on fixed assets is calculated on Written Down Value basis using the rates specified under the Schedule II to the Companies Act, 2013. The Company has used the following rates to provide depreciation on its fixed assets.

Type of Asset	Useful Life (In years)
Computer	3

1.10 Foreign Currency Transactions:

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction or that which approximates actual rate at the date of transaction.

Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. Non- monetary foreign currency items are carried at cost

In respect of integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates actual rate at the date of transaction. Monetary assets and liabilities are restated at year end rates.

KUMBHAT FINANCIAL SERVICES LIMITED

1.11 Investments:

Long Term Investments are stated at cost. Provisions for diminution in the value of Long Term Investment are made only if such a decline is other than temporary. Current Investments are stated at lower of Cost and Fair Value.

1.12 Employee Benefits:

Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits and other perquisites. It also includes post-employment benefits such as provident fund, superannuation fund, gratuity, pensionary benefits etc

Short term employee benefit obligations are estimated and provided for post-employment benefits and other long term employee benefits:-

(a) Defined contribution plans:

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/ or statute and charged to the Statement of Profit and Loss in the period of incurrence when the services are rendered by the employees.

(b) Defined benefit plans and compensated absences:

Company's liability towards gratuity, other retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period of occurrence.

1.13 Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition/construction of the qualifying asset are capitalized as a part of the cost of such asset, up to the date of acquisition/completion of construction.

1.14 Earnings Per Share:

Earning per share is calculated by dividing the net profit or loss for the year attributable to equity share holders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity share holders and weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

1.15 Accounting for Taxes on Income

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence

KUMBHAT FINANCIAL SERVICES LIMITED

that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

1.16 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to determine if there is any indication of impairment based on the internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset’s net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

In case of impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

1.17 Provisions

A provision is recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions made in terms of Accounting standard – 29 are not discounted to its present value and are determined based on the management estimates required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

1.18 Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

In ₹

Note No : 2

A. Share Capital

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Authorised Share Capital 10000000 Equity Shares of Rs.10 each	10,00,00,000	10,00,00,000
(b)	Issued Share Capital 4750000 Equity Shares of Rs.10 each	4,75,00,000	4,75,00,000
(c)	Subscribed and Fully Paid up share Capital 4750000 Equity Shares of Rs.10 each	4,75,00,000	4,75,00,000
(d)	Subscribed but not fully paid up	-	-
	Total	4,75,00,000	4,75,00,000

B. Share Details

S. No.	Equity Shares	31 March 2019		31 March 2018	
		No. of shares	Rs.	No. of shares	Rs.
(a)	Shares outstanding at the beginning of the year	47,50,000	4,75,00,000	47,50,000	4,75,00,000
(b)	Shares Issued during the year	-	-	-	-
(c)	Shares bought back during the year	-	-	-	-
(d)	Shares outstanding at the end of the year	47,50,000	4,75,00,000	47,50,000	4,75,00,000

Terms and rights attached to the shares

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution to all preferential amounts. The distribution will be in proportion to the number of shares held by the share holder.

C. Share Holding

There are no shareholders holding 5% or more of the paid up capital.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

Note No : 3
Reserves and Surplus

In ₹

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	General Reserve		
	Balance as per last financial statements	1,00,19,716	1,00,19,716
	Add: Transferred during the year	-	-
	Closing Balance	1,00,19,716	1,00,19,716
(b)	Statutory Reserve		
	Balance as per last financial statements	42,71,640	40,65,000
	Add: Transferred during the year	-	2,06,640
	Closing Balance	42,71,640	42,71,640
(c)	Surplus in the statement of Profit & Loss		
	Balance as per last financial statements	(4,34,994)	(4,34,547)
	Add: Profit/ (Loss) for the year	(1,20,49,525)	2,06,193
	Less: Transferred to Statutory Reserve	-	2,06,640
	Total surplus in the Statement of profit and loss	(1,24,84,519)	(4,34,994)
	Reserves and Surplus (a) + (b) + (c)	18,06,837	1,38,56,362

Note No : 4
Deferred Tax Liabilities (Net)

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Opening Balance	1,86,186	1,91,232
	Timing Difference Due to Depreciation :		
	- As per Books	-	-
	- As per Income Act	-	62
	- Difference (DTL)	-	(62)
(b)	Timing Difference Due to Gratuity :		
	- As per Books	-	19,658
	- As per Income Act	-	-
	- Difference(DTA)	-	19,658
	Total Difference	-	19,596
	Tax @ 26%	-	5,046
	Deferred Tax Liability written back	1,86,186	-
	Closing Balance	-	1,86,186

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

In ₹

Note No : 5

Long Term Provisions

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Provision for Gratuity	1,69,255	1,69,255
		1,69,255	1,69,255

Note No : 6

Short Term Borrowings

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Short Term Borrowings	-	14,00,000
		-	14,00,000
	The Above Borrowings Include:		
	Secured Borrowings	-	-
	Unsecured Borrowings	-	14,00,000

Note No : 7

Trade Payables

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Total Outstanding dues of Micro & Small Enterprises		
	- Outstanding for more than 6 Months	-	-
	- Outstanding for less than 6 Months	-	-
(b)	Total Outstanding dues of Creditors other than Micro & Small Enterprises		
	- Outstanding for more than 6 Months	-	-
	- Outstanding for less than 6 Months	-	-

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

In ₹

Note No : 8

Other Current Liabilities

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Audit Fees Payable	28,000	28,000
(b)	Salary Payable	1,30,000	-
(c)	TDS Payable	35,400	-
(d)	Other Payables	65,500	-
		2,58,900	28,000

Note No : 9

Short-term Provisions

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Provision for Income Tax	-	7,48,566
		-	7,48,566

Note No : 11

Other Non Current Assets

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Long-term Trade Receivables (including trade receivables on deferred credit terms)	-	-
(b)	Telephone Deposit	3,000	3,000
		3,000	3,000

Note No : 12

Inventories

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
	Equity Shares		
	- Quoted Shares (Fully Paid)	1,62,120	1,62,120
	- Unquoted Shares (Fully paid)	12,00,000	12,00,000
		13,62,120	13,62,120
	Shares are valued at lower of cost or net realisable value.		

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

In ₹

Note No : 13

Trade Receivables

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment.	-	-
(b)	Aggregate amount of Trade Receivables outstanding for a period less than six months from the date they are due for payment	5,66,33,036	6,40,36,158
		5,66,33,036	6,40,36,158
	Less: Provision for Non Performing Assets	82,96,320	25,77,548
	Less: Provision for Standard Assets	1,20,842	-
		4,82,15,874	6,14,58,610
	The Above Trade Receivables Includes:		
	- Secured, considered good;	-	-
	- Unsecured, considered good	4,83,36,716	6,14,58,610
	- Doubtful.	82,96,320	25,77,548

Note No : 14

Cash and Cash Equivalents

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Balances with banks	47,522	31,598
(b)	Cash on hand	56,070	1,00,448
		1,03,592	1,32,046

Note No : 15

Other Current Assets

S. No.	Particulars	As at 31.03.2019	As at 31.03.2018
(a)	Advance Tax Paid	-	2,00,000
(b)	TDS Receivable	24,000	49,522
(c)	Sundry Receivables	-	5,82,964
		24,000	8,32,486

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT

In ₹

Note No : 16

Revenue from operations

S. No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Interest Income	46,04,460	46,63,993
		46,04,460	46,63,993

Note No : 17

Other Income

S. No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Dividend Income	3,191	3,191
		3,191	3,191

Note No : 18

Changes in Inventories of Stock in Trade

S. No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
	Inventories at the end of the year Stock in Trade	13,62,120	13,62,120
		13,62,120	13,62,120
	Inventories at the beginning of the year Stock in Trade	13,62,120	13,62,120
		13,62,120	13,62,120
	(Increase)/ Decrease in Stock	-	-

Note No : 19

Employee benefit expenses

S. No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Salaries, Wages and Bonus	5,05,000	5,40,000
(b)	Gratuity	-	19,658
		5,05,000	5,59,658

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT

In ₹

Note No : 20
Other Expenses

S. No.	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
(a)	Payments to auditor		
	(i) Statutory Auditor	28,000	28,000
(b)	Annual General Meeting Expenses	1,06,490	2,09,680
(c)	BSE SOP Expenses (Note No. 28)	70,05,660	-
(d)	Bad Debts	1,27,200	-
(e)	Listing, Share transfer Expenses & Filing Fees	13,45,200	4,20,023
(f)	Filing Fees	24,000	1,54,000
(g)	Fixed Assets Written off	96,301	5,35,000
(h)	Travelling and Conveyance	-	83,265
(i)	Membership Expenses	70,800	-
(j)	Postage and Telegram	5,03,061	26,700
(k)	Printing and Stationery	1,06,572	37,527
(l)	Professional and Consultancy Charges	4,70,704	1,65,000
(m)	Provision for Non Performing Assets	57,18,772	-
(n)	Provision for Standard Assets	1,20,842	-
(o)	Rental Expense	33,667	1,20,000
(p)	Other Expenses	47,057	1,80,528
		1,58,04,326	19,59,723

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF BALANCE SHEET

Note No : 10
Tangible Assets

In ₹

S. No.	Particulars	Equity Shares			Depreciation			Net Block		
		As on 01.04.2018	Additions	Deletions	As on 31.03.2019	As on 01.04.2018	For the year	Deletions	As on 31.03.2019	As on 31.03.2018
(a)	Plant & Machinery	16,79,170	-	16,79,170	-	15,82,869	-	15,82,869	-	96,301
(b)	Computers	3,22,970	32,000	-	3,54,970	3,19,164	9,400	-	3,28,564	3,806
	Total CY	20,02,140	32,000	16,79,170	3,54,970	19,02,033	9,400	15,82,869	3,28,564	1,00,107
	Total PY	1,40,03,438	-	1,20,01,298	20,02,140	1,33,68,331	-	1,14,66,298	19,02,033	6,35,107

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

21 Balance due to Micro and Small Enterprises

The Company does not owe any amount to Micro and Small Enterprises.

22 Segment Information

The company's business activity is providing of commercial and financial loans. and operates in a single geographical segment. Hence there is no additional disclosure to be made under Accounting Standard – 17, other than those already provided in the financial statements.

23 Earnings per share :

In ₹

Particulars	31.03.2019	31.03.2018
Net Profit / (Loss)	(1,20,49,525)	2,06,193
Number of Equity shares	47,50,000	47,50,000
Earnings per share – basic & diluted	(2.54)	0.04

24 Related Party Disclosures

As per the Accounting Standard on 'Related Party Disclosures' (AS 18), issued by the Institute of Chartered Accountants of India, the related parties of the company are as follows:

In ₹

Sl.No	Name of related party	Nature of relationship
I	Key Managerial Personnel	
1	Sanjay Kumbhat	Managing Director
2	R Venugopal	Chief Financial Officer
3	S Mohanraj	Company Secretary
II	Others	
1	Shanti Kumbhat	Director
2	Pushpa Kumbhat	Relative of Key Managerial Personnel
3	Shakuntala Kumbhat	Relative of Key Managerial Personnel

Transaction during the year

In ₹

Sl.No	Name of related party & Nature of Transaction	As on 31.03.2019	As on 31.03.2018
1	R Venugopal (Remuneration)	2,00,000	-
2	S Mohanraj (Remuneration)	2,75,000	-
3	Shanti Kumbhat (Rental Expense)	6,733	-
4	Pushpa Kumbhat (Rental Expense)	6,733	-
5	Shakuntala Kumbhat (Rental Expense)	6,733	-

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

Balances at the year end

In ₹

Sl.No	Name of related party	As on 31.03.2019	As on 31.03.2018
1	R Venugopal (Remuneration)	1,00,000	-
2	S Mohanraj (Remuneration)	25,000	

25 Contingent Liabilities -

There are no contingent liability in the name of the company

26 Confirmation of Balances:-

Debtors and Creditors balances are subject to confirmation. In the opinion of the management, all the debtors are realisable at their stated value and that all the creditors are payable at their stated value and hence there is no diminution in this regard which require provisioning.

27 Auditors' Remuneration:

In ₹

Sl.No	Particulars	2018-19	2017-18
1	Statutory Audit	28,000	28,000

28 During the year the company took steps to regularise the listing with Bombay Stock Exchange (BSE). In this connection, one-time expenditure of Rs. 70,05,660/-, was incurred towards compliance with standard operating procedures of BSE.

29 No provision has been made for gratuity liability for the year as the existing provision is adequate to cover the gratuity liability for the employees on the rolls as on 31.03.2019

30 The Company during fixed assets verification has found that assets having written down value of Rs. 96301/- do not have any value hence have been written off during the year.

31 Deferred Tax Asset has not been recognised as a measure of prudent accounting policy

32 The previous year's figures of Balance Sheet have been regrouped, reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Figures are rounded off to the nearest rupee. Figures in bracket represent negative figures.

As per our report of even date

For RAJU & DAFTARY

CHARTERED ACCOUNTANTS

FRN: 015535S

For and on behalf of the Board

[Sumit Daftary]

Partner

M NO: 237510

[Sanjay Kumbhat]

Managing Director

[Sarika Kumbhat]

Director

Place : Chennai

Date : 16-05-2019

[R Venugopal]

Chief Financial Officer

[S Mohanraj]

Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

Route Map for reaching to the venue of 26th Annual General Meeting of M/s. Kumbhat Financial Services Limited



KUMBHAT FINANCIAL SERVICES LIMITED

FORM NO. MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L65991TN1993PLC024433

Name of the Company: KUMBHAT FINANCIAL SERVICES LIMITED

Registered office: 5th Floor, Kumbhat Complex, No. 29, Rattan Bazaar, George Town, Chennai - 600 003.

Name of the member(s):

Registered address:

E-mail Id:

Folio No.:

I/We, being the member (s) holdingshares of the above named company, hereby appoint

1. Name:
Address:
E-mail Id:
Signature:....., or failing him
2. Name:
Address:
E-mail Id:
Signature:.....,

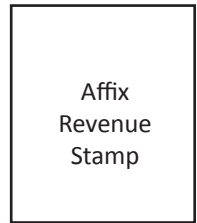
as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the company, to be held on Wednesday the 25th day of September, 2019 at 10.00 a.m. at Bhartiya Vidya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004 and at any adjournment thereof in respect of such resolutions indicated hereinbelow:

Description of Resolution	For	Against
Ordinary Business:		
1. To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2019 and the Reports of Directors and Independent Auditors thereon.		
2. To appoint a Director in place of Shri. SANJAY KUMBHAT (DIN: 03077193), who retires by rotation and being eligible offers himself for re-appointment.		
3. To appoint M/s. MARDIA & ASSOCIATES (FRN 007888S), Chartered Accountants, Chennai as statutory Auditors of the Company.		
Special Business:		
4. To appoint Shri. S. SUNIL KUMAR (DIN: 06989391) as Non-executive independent Director of the Company.		
5. To appoint Shri. SAKTHIVEL MURUGAN (DIN: 08531800) as Non-executive independent Director of the Company.		
6. To appoint Shri. SANJAY KUMBHAT (DIN: 03077193) as Managing Director of the Company.		

KUMBHAT FINANCIAL SERVICES LIMITED

Signed thisday of 20.....

Signature of shareholder



Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

KUMBHAT FINANCIAL SERVICES LIMITED

KUMBHAT FINANCIAL SERVICES LTD

CIN : L65991TN1993PLC024433

Registered Office, 5th Floor, No: 29 Rattan Bazaar, George Town, Chennai- 600 003.

ATTENDANCE SLIP

Name & Address of the Shareholder

Folio No:-----

Dp ID: -----

Client ID :-----

No.of Shares.....

I Certify that I am a member / proxy appointed by the member* of the company and record my Presence at the 26th Annual General Meeting of the Company, held on Wednesday, 25th September, 2019 at 10.00 A.M at at Bhartiya Vidhya Bhavan, New No. 18,20,22, East Mada Street, Mylapore, Chennai – 600 004.

Name of the Shareholder / Proxy*
Proxy*
(in Block Letters)

Signature of the Shareholder /

* Strike Out whichever is not applicable.

Note: Please fill up this attendance slip and Handover at the entrance of the meeting hall.

KUMBHAT FINANCIAL SERVICES LIMITED

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KUMBHAT FINANCIAL SERVICES LIMITED

Registered Office

5TH FLOOR, 29 RATTAN BAZAAR, GEORGE TOWN, CHENNAI - 600003.