
KUMBHAT FINANCIAL SERVICES LIMITED



**28th Annual Report
2020-2021**

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KUMBHAT FINANCIAL SERVICES LIMITED

CIN: L65991TN1993PLC024433

Board of Directors:

Shri. SANJAY KUMBHAT, Managing Director
Smt. SARIKA KUMBHAT, Non-Executive Director
Shri. SAKTHIVEL MURUGAN, Independent Director
Shri. S. SUNIL KUMAR (till 14.12.2020), Independent Director
Shri. S. RAMABADRAN (from 15.12.2020), Independent Director

Company Secretary

S. MOHANRAJ

Chief Financial Officer

G.RAJASEKARAN

Registered Office:

5th Floor, 29 Rattan Bazaar, Park Town, Chennai - 600 003.
Email ID: cs@kumbhatfinancialserviceslimited.com

Bankers:

Central Bank of India
The Laxmi Vilas Bank Ltd.,
RBL Bank Limited

Share Transfer Agents:

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

Auditors:

M/s. Mardia Associates
Chartered Accountants
No.1 Valiammal Road- Vepery, Chennai- 600 007
Email ID: manishmardia@gmail.com

KUMBHAT FINANCIAL SERVICES LIMITED

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **28th Annual General Meeting** of the members of **KUMBHAT FINANCIAL SERVICES LIMITED** will be held on **Friday, the 6th August, 2021 at 10.00 a.m. IST** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business..

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company as at 31st March, 2021 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.

SPECIAL BUSINESS:

3. 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. RAMABADRAN** (DIN: 01280165) 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 15th December, 2020 and ending on 14th December, 2025.”

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

“RESOLVED THAT pursuant to the provisions of section 14 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Incorporation) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Shri. SANJAY KUMBHAT (DIN: 03077193), Managing Director of the Company be and is hereby authorized on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary e-forms with the Registrar of Companies, Tamilnadu including compliance with various stipulations laid down by Securities and Exchange Board of India, The Bombay Stock Exchange Limited and the Reserve Bank of India.”

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

Place: Chennai

Date : 25.06.2021

**(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. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

SHAREHOLDER INSTRUCTIONS FOR E-VOTING

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.kumbhatfinancialserviceslimited.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of the Ministry's General Circular No. 20/2020, dated 5th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2021 dated January 13, 2021

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THE INTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- i. The voting period begins on 3rd August, 2021 at 9.00 A.M. and ends on 5th August, 2021 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 31st July, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts / websites of depositories / depository participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-Voting facility provided by listed companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

| Type of Shareholders | Login Method |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> |

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| Type of Shareholders | Login Method |
|---|---|
| | <p>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers</p> |
| <p>Individual Shareholders holding securities in demat mode with NSDL</p> | <p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |
| <p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

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Helpdesk for Individual Shareholders holding securities in Demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

| Login type | Helpdesk details |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43 |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 |

v. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form

- 1) The shareholders should log on to the e-voting website www.evotingindia.com
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

| | For Physical shareholders and other than individual shareholders holding shares in Demat. |
|--|--|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v). |

vi. After entering these details appropriately, click on “SUBMIT” tab.

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- vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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 shareholders 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 EVSN 210628005 for the Company, Kumbhat Financial Services Limited 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 Resolution details.
- 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.
- xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv. If a demat account holder has forgotten the login 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. Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; mundhara_co@yahoo.co.in (Scrutinizer) / cs@kumbhatfinancialserviceslimited.com (Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

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INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@kumbhatfinancialserviceslimited.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at cs@kumbhatfinancialserviceslimited.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders - Please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

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All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

CLOSURE OF REGISTER OF MEMBERS:

Pursuant to section 91 of the Companies Act 2013 read with the Companies (Management & Administration) Rules, 2014 and Regulation 42 of the SEBI (LODR) Regulations, 2015 the Register of Members and the Share Transfer Books of the Company will remain closed from 31st July, 2021 to 6th August, 2021 (both days inclusive).

CHANGE OF PARTICULARS & UPDATION OF EMAIL ADDRESS:

Members holding shares in dematerialized form are requested to intimate all particulars of mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participant (DP).

Members who are holding shares in physical form are requested to intimate such details to Cameo Corporate Services Ltd, through web module <https://investors.cameoindia.com/>, wherein the shareholders can log in and register the Email ID and mobile number against the folio number in which they hold shares.

NOTICE OF AGM & ANNUAL REPORT

Notice of the AGM and the Annual Report for the financial year 2020-21 are being sent electronically to the members whose E-mail IDs are registered with the Depository Participant(s) and / or RTA on Saturday, 10th July, 2021. Any member, who has not registered his email id may register his / her ID with RTA may get registered and may also request for a copy Annual Report electronically.

DEMATERIALISATION OF SHARES:

The Company's equity shares have been notified for compulsory dematerialization. Accordingly trading of these shares through Stock Exchange would be facilitated if the share certificates are dematerialized. Members having the physical share certificates are advised to consider opening of a Demat account with an authorised Depository participant and arrange for dematerialising their shareholdings in the company.

REQUEST TO MEMBERS:

In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report for the year 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.kumbhatfinancialserviceslimited.com, websites of the Stock Exchange - BSE Limited at www.bseindia.com

Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and issued circulars stating that the service of notice/ documents including Annual Reports can be sent through e-mail to its members. To support this green initiative of the Government in full measure, members who are yet to register/update their email addresses with the Company or with the Depository Participants are once again requested to register/ update the same for receiving the Notices, Annual Reports and other documents through electronic mode. Members holding shares in physical

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form may get their email addresses registered / updated by providing their Name, Folio Number, E-mail ID and consent to receive the Notices, Annual Reports and other documents through electronic mode, by sending an email at cs@kumbhatfinancialserviceslimited.com or intimate such details to Cameo Corporate Services Limited, through web module <https://investors.cameoindia.com/>, wherein the shareholders can log in and register his email id and mobile number against the folio number in which they hold the shares.

Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. It is strongly recommended that shareholders having more than one folio in the same name or with identical names in the same order in case of Joint holdings are requested to write to the Company's Share Transfer Agents, viz Cameo Corporate Services Limited immediately along with the relevant share certificates to enable consolidation of such holdings in a single folio. If the shares are jointly held such requests should be signed by all the joint holders.

Place: Chennai
Date : 25.06.2021

By order of the Board,
For KUMBHAT FINANCIAL SERVICES LIMITED

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

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EXPLANATORY STATEMENT

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

Item No. 3:

The Nomination and Remuneration Committee of the Board of Directors of the Company have recommended for the appointment of **Shri. S. RAMABADRAN (DIN: 01280165)** as Independent Director for the term of five consecutive years.

Shri. S. RAMABADRAN (DIN: 01280165) have given his declaration to the Board that he meets 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. RAMABADRAN (DIN: 01280165)** fulfill the conditions specified in the Act and the rules framed thereunder for his appointment as Independent Director and that he is independent of the management of the Company.

Details of **Shri. S. RAMABADRAN (DIN: 01280165)** 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. 3 of the accompanying Notice for the approval of the members.

Except **Shri. S. RAMABADRAN (DIN: 01280165)**, none of the Directors or their relatives are concerned or interested in the resolution set out at item No. 3 of the accompanying notice.

Item No. 4:

The present Articles of Association of the Company is in force since incorporation of the Company in the year 1993. The existing Articles of Association is based on the Companies Act, 1956 and several regulations in the existing Articles contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Act.

The Companies Act, 2013 is now largely in force. With the coming into force of the Act, several regulations of the existing Articles of Association of the Company require alteration or deletion in several Articles. Given this Position, it is considered expedient to wholly replace the existing Articles by a new set of Articles.

The new Articles to be substituted in place of the existing Articles are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by Shares.

The Board commends the special resolution set out at Item No. 4 of the accompanying Notice for approval by the members.

None of the Directors & Key Managerial Personnel of the Company including their relatives are, in any way concerned or interested, in the said resolutions except in the capacity of the shareholder.

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

Place: Chennai

Date : 25.06.2021

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

KUMBHAT FINANCIAL SERVICES LIMITED

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 14.08.2020

| | | |
|---|---|--|
| Name of the Director | Shri. SANJAY KUMBHAT | Shri. S. RAMABADRAN |
| Date of Birth | 27.02.1974 | 17.12.1953 |
| Date of Appointment on the Board as Director | 30.12.2017 | 15.12.2020 |
| DIN | 03077193 | 01280165 |
| Date of Last re-appointment as Director | 25.09.2019 | NIL |
| Experience in specific functional area | 8 Years of experience in Finance and 23 years experience in Business | More than 3 decades of experience in the profession of Chartered Accountancy |
| Qualification | B. Com | CA, CS |
| List of outside Directorship held | <ol style="list-style-type: none"> 1. Litaski Electricals Private Limited 2. Kumbhat Holographics Private Limited | <ol style="list-style-type: none"> 1. Blue Ocean Ventures Private Limited 2. Lara Holdings Private Limited 3. Heathrow Shares & Stocks Private Limited 4. Goldman Creative Advertisers Private Limited 5. Atantu Communications Private Limited |
| Chairman/Member of the Committee of Board of Directors of the Company | Audit Committee – Member; Stakeholders Relationship Committee – Member; Risk management committee – Member | Audit Committee – Member; Nomination and remuneration Committee – Member |
| Chairman/Member of the Committee of the Board of Directors of other Companies in which he is Director | NIL | NIL |
| Number of Shares held in the Company | 74600 Equity Shares of Rs.10/- each | NIL |
| Inter-se relationship with any other Director | Related to Smt. SARIKA KUMBHAT | NIL |

KUMBHAT FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the **28th** Annual Report of the business and operations of the Company together with the audited statement of accounts for the year ended 31st March, 2021.

1. STATE OF COMPANY'S AFFAIRS:

(A) Financial summary or highlights:

(Amount in ` lakhs)

| <i>Particulars</i> | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Total Income | 16.97 | 50.97 |
| Total Expenditure | 104.02 | 29.27 |
| Profit (Loss) before interest, depreciation and tax | (86.97) | 21.87 |
| Finance cost | - | - |
| Depreciation | 0.07 | 0.16 |
| Profit (Loss) before Exceptional, Extra-ordinary items and tax | (87.04) | 21.71 |
| Exceptional & Extra-ordinary items | - | - |
| Profit (Loss) after Exceptional & Extra-ordinary items & before tax | (87.04) | 21.71 |
| Provision for taxation (Net of deferred tax) | 0.72 | (0.06) |
| Profit (Loss) after tax | (87.76) | 21.77 |
| Amount available for appropriation | (87.76) | 21.77 |
| Appropriations | | |
| Transfer to Statutory Reserve maintained u/s 45IC of RBI Act, 1934 (including short provision for earlier years) | - | 6.00 |
| Proposed dividend | - | - |
| Tax on proposed dividend | - | - |
| Balance carried to Balance Sheet | (87.76) | 15.77 |

(B) Operations:

The gross amount of loans provided by the Company stood at Rs.NIL as on 31st March, 2021 as compared to Rs.457.32 Lakhs as on 31st March, 2020.

(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. The current accounts have been prepared as per Ind-AS standards.

(D) Impact of Covid-19 Pandemic:

In March 2020, the World Health Organization (WHO) declared Covid-19 to be a pandemic. It developed rapidly into a global crisis, forcing Governments to enforce lockdowns of all economic activities. Consequent to this, the Government of India declared a nation-wide lockdown on March 24, 2020 to prevent the spread of the virus.

KUMBHAT FINANCIAL SERVICES LIMITED

This unavoidable step has caused a severe blow to the economy. For the Company the focus immediately shifted to ensuring the health and well-being of all employees, and on minimizing disruption in our operations and commitments to the customers.

Further, the uncertainty created by the disruption in business activities world-over is a cause for concern for every sector and the impacts cannot be estimated at this stage. Even developed countries like US and European countries, which have been severely impacted by Covid-19, are in the grip of recessionary trends. This will adversely affect the global business scenario, particularly import and export. Loss of jobs and spiraling unemployment are going to have cascading effect on every sphere of the economy.

The overall economic situation being uncertain due to Covid-19, it may impact the operations of the Company in the current year. The Company would closely monitor such developments in economic conditions and consider their impact on its performance in the coming months. The Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations.

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> |
|--|------------------------------|
| 1st April, 2020 to 30th June, 2020 | 04.05.2020 |
| 1st July, 2020 to 30th September, 2020 | 20.07.2020 |
| | 14.08.2020 |
| | 28.09.2020 |
| 1st October, 2020 to 31st December, 2020 | 12.11.2020 |
| | 14.12.2020 |
| 1st January, 2021 to 31st March, 2021 | 12.02.2021 |
| | 31.03.2021 |

4. COMPLIANCE WITH SECRETARIAL STANDARDS:

During the year under review, the Company has followed applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings' respectively issued by the Institute of Company Secretaries of India.

5. 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, 2021, 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;

KUMBHAT FINANCIAL SERVICES LIMITED

- (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
- (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.

6. 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.

7. 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, 2021:

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 were suspended from trading since 2015 in the Bombay Stock Exchange Limited pursuant to non-compliance with the provisions of the listing agreement. As informed by the management, the Company has received the order for revocation of suspension from Securities and Exchange Board of India (SEBI) and accordingly the Shares of the Company now continue to trade in Bombay Stock Exchange Limited with effect from 18th February, 2021.*
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.

8. 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.

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9. 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 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.

10. DETAILS OF AMOUNTS TRANSFERRED TO RESERVES:

During the financial year 2020-21, the Company has incurred losses to the extent of Rs.87.76 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.48.72 Lakhs.

11. DIVIDEND:

In view of inadequacy of profits, your Directors do not recommend any dividend for the financial year ended 31st March, 2021.

12. 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

13. 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 (01/04/2021 to 25/06/2021):

There were no material changes and commitments affecting the financial position of the Company between the period 1st April, 2021 to 25th June, 2021.

14. 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> | <i>2020-21</i> | <i>2019-20</i> |
|--|----------------|----------------|
| 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 | - | - |

15. 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.

16. 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) resigned from the Board with effect from 14th December, 2020 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 Non-executive Independent Director of the Company.

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Shri. S. RAMABADRAN (DIN: 01280165) was appointed as an Independent Director of the Company with effect from 15th December, 2020 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 and his appointment was approved by the shareholders at their Annual General Meeting held on 25.09.2019.

17. 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. The said meeting was held on 14.12.2020 during the financial year.

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

18. 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.

KUMBHAT FINANCIAL SERVICES LIMITED

19. SUBSIDIARY:

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

20. 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 Auditor, **Ms. AMISHA R KHIMANI (M. No.: 226642), Chartered Accountant, Chennai.**

21. DEPOSITS:

Your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 during the financial year and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

22. 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.

23. 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.

24. DETAILS OF REVISION OF FINANCIAL STATEMENTS:

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

25. SHARES AND SHARE CAPITAL:

a. CAPITAL STRUCTURE:

As at 31st March, 2021 the Authorised Share Capital of your Company was Rs.1000 lakhs comprising of 100 lakhs Equity Shares of Rs.10/- each and the Paid-up Share Capital was Rs.475 lakhs comprising of 47.5 lakhs Equity Shares of Rs.10/- each.

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Your Directors have approved the following items at their meeting held on 31st March, 2021 which was later voted in favour of by the members, in their Virtual Extra-ordinary General Meeting held on 17th May 2021:

1. Increase in Authorised share capital of the company from existing Rs.1000.00 Lakhs to Rs.1500.00 Lakhs.
2. Preferential allotment of 90 Lakhs Equity Shares of Rs.10/- each.

Further pursuant to the resolution passed by the members by e-voting on 17th May, 2021, the Authorised Share Capital of your Company was revised to Rs.1500 lakhs comprising of 150 lakhs Equity Shares of Rs.10/- each.

Subject to the receipt of various statutory approvals and compliance with regulation 31A of the extant SEBI (LODR) Regulations, 2015, the proposed allottees of the preferential allotment shall be the new promoters of the Company and classified under promoter group category accordingly. While “In principle approval” has been received from SEBI and BSE, the Company is awaiting final approval from RBI as per its application dated 5th April 2021.

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.

26. STATUTORY AUDITORS:

M/s. MARDIA & ASSOCIATES (FRN: 007888S), Chartered Accountants, Chennai were appointed for a period of 5 (five) consecutive years from the conclusion of the 26th Annual General Meeting held in the calendar year 2019 till the conclusion of the 31st Annual General Meeting to be held in the calendar year 2024.

27. SECRETARIAL AUDITORS:

In accordance with the provisions of section 204 of the Companies Act, 2013, the Board has appointed **M/s. MUNDHARA & CO**, Company Secretaries in Whole-time Practice, Chennai as the Secretarial Auditors for the financial year 2020-21. The report of the Secretarial Auditors is annexed to this report.

28. 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.

KUMBHAT FINANCIAL SERVICES LIMITED

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 |

29. 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.

30. CORPORATE GOVERNANCE:

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

31. COMPOSITION OF AUDIT COMMITTEE:

The Board has constituted the Audit Committee, which comprises of Shri. SAKTHIVEL MURUGAN, Independent Director as Chairman with effect from 15th December 2020 (Shri. S. SUNIL KUMAR, Independent Director was Chairman of the Committee till 14th December, 2020). Shri.S. Ramabadrana, Independent Director and Shri. SANJAY KUMBHAT, Non.independent Director as the members of the committee. More details on the committee are given in the Corporate Governance Report.

32. CERTIFICATE FROM MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER:

A certificate has been obtained from Shri. SANJAY KUMBHAT (DIN: 03077193), Managing Director and Shri. J. RAJASEKARAN (PAN: AEP88683H), Chief Financial Officer 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.

33. 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.

During the financial year, the Company has received the order for revocation of suspension from Securities and Exchange Board of India (SEBI) and accordingly the Shares of the Company now continue to trade in Bombay Stock Exchange Limited with effect from 18th February, 2021.

KUMBHAT FINANCIAL SERVICES LIMITED

34. 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.

35. 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.

36. 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.

37. 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.

38. 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.

39. ACKNOWLEDGEMENTS:

Your Directors wish to acknowledge all their stakeholders and are grateful for the excellent support received from the shareholders, bankers, financial institutions, government authorities, esteemed clients, customers and other business associates. Your Directors recognize and appreciate the hard work and efforts put in by all the employees of the Company and their contribution to the growth of the Company in a very challenging environment.

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.

(J. RAJASEKARAN)
Chief Financial Officer
PAN: AEPPR8683H

No. 78/1, Basavaiyan Street,
Old Washermanpet,
Washermanpet,
Chennai – 600 021.

(S. MOHANRAJ)
Company Secretary
PAN: AANPM0947K

No. 9/1442, I Block,
1st Floor, 33rd Street,
Anna Nagar West,
Chennai – 600 040.

Place: Chennai

Date : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

“Annexure – 1”

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2021

[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: 044-25332173 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. |

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% |

KUMBHAT FINANCIAL SERVICES LIMITED

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 |
|-----------------------|---------------------------------|---------|----------------------------------|------------------|--------------------|
| Not Applicable | | | | | |

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 | 401000 | 248000 | 649000 | 13.66 | 453200 | 197800 | 651000 | 13.71 | 0.05 |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any other... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A)(1):- | 401000 | 248000 | 649000 | 13.66 | 453200 | 197800 | 651000 | 13.71 | 0.05 |
| (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) | 401000 | 248000 | 649000 | 13.66 | 453200 | 197800 | 651000 | 13.71 | 0.05 |
| B. Public Shareholding: | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |

KUMBHAT FINANCIAL SERVICES LIMITED

| 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 | |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1):- | - | - | - | - | - | - | - | - | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 40900 | 150600 | 191500 | 4.03 | 41250 | 150600 | 191850 | 4.04 | 0.01 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share capital upto Rs.2 Lakhs | 869765 | 2391900 | 3261665 | 68.67 | 857216 | 2460900 | 3318116 | 69.86 | 1.19 |
| ii) Individual shareholders holding nominal share capital in excess of Rs.2 Lakhs | 442714 | 145800 | 588514 | 12.39 | 446103 | 38500 | 484603 | 10.20 | (2.19) |
| c) Others | | | | | | | | | |
| i. Hindu Undivided Families | 19421 | 100 | 19521 | 0.41 | 19080 | 100 | 19180 | 0.40 | (0.01) |
| ii. Non-Resident Indians | 900 | 38700 | 39600 | 0.83 | 900 | 38700 | 39600 | 0.83 | - |
| iii. Trusts | 200 | - | 200 | 0.00 | 200 | - | 200 | 0.00 | - |
| iv. Clearing Members | - | - | - | - | 45451 | - | 45451 | 0.96 | 0.96 |
| Sub-Total (B)(2):- | 1373900 | 2727100 | 4101000 | 86.34 | 1410200 | 2688800 | 4099000 | 86.29 | (0.05) |
| Total Public Shareholding (B) = (B) (1)+(B)(2) | 1373900 | 2727100 | 4101000 | 86.34 | 1410200 | 2688800 | 4099000 | 86.29 | (0.05) |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 1774900 | 2975100 | 4750000 | 100.00 | 1863400 | 2886600 | 4750000 | 100.00 | - |

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

KUMBHAT FINANCIAL SERVICES LIMITED

(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 | 184900 | 3.89 | - | 120000 | 2.53 | - | (1.36) |
| 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 | 77400 | 1.63 | - | 77400 | 1.63 | - | - |
| 6 | VINAY KUMBHAT | 157300 | 3.31 | - | 157300 | 3.31 | - | - |
| 7 | PREM PAREKH/ VARDHAMAN PAREKH | 14600 | 0.31 | - | 16600 | 0.35 | - | 0.04 |
| 8 | SHANTI KUMBHAT | 14700 | 0.31 | - | 14700 | 0.31 | - | - |
| 9 | MADHU KUMBHAT | 3400 | 0.07 | - | 68300 | 1.44 | - | 1.37 |
| 10 | PREM KUMBHAT | 10800 | 0.23 | - | 10800 | 0.23 | - | - |
| 11 | SHAKUNTALA KUMBHAT | 800 | 0.02 | - | 800 | 0.02 | - | - |

KUMBHAT FINANCIAL SERVICES LIMITED

(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 | 184900 | 3.81 | 184900 | 3.81 |
| | Transmission of Shares | -64900 | -1.37 | 120000 | 2.53 |
| | At the end of the year | 120000 | 2.53 | 120000 | 2.53 |
| 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 | | | | |
| | Shri. DILIP KUMBHAT | 76600 | 1.61 | 76600 | 1.61 |
| | At the beginning of the year | 77400 | 1.63 | 77400 | 1.63 |
| 6. | Shri. VINAY KUMBHAT | | | | |
| | At the beginning of the year | 157300 | 3.31 | 157300 | 3.31 |
| | At the end of the year | 157300 | 3.31 | 157300 | 3.31 |
| 7. | Shri. PREM PAREKH/VARDHAMAN PAREKH | | | | |
| | At the beginning of the year | 14600 | 0.31 | 14600 | 0.31 |
| | Consolidation of multiple foilios/Transmission | 2000 | 0.04 | 16600 | 0.35 |
| | At the end of the year | 16600 | 0.35 | 16600 | 0.35 |
| 8. | Shri. SHANTI KUMBHAT | | | | |
| | At the beginning of the year | 14700 | 0.31 | 14700 | 0.31 |
| | At the end of the year | 14700 | 0.31 | 14700 | 0.31 |
| 9. | Smt. MADHU KUMBHAT | | | | |
| | At the beginning of the year | 3400 | 0.07 | 3400 | 0.07 |
| | Transmission of Shares | 64900 | 1.37 | 68300 | 1.44 |
| | At the end of the year | 68300 | 1.44 | 68300 | 1.44 |
| 10. | Shri. PREM KUMBHAT | | | | |
| | At the beginning of the year | 10800 | 0.23 | 10800 | 0.23 |
| | At the end of the year | 10800 | 0.23 | 10800 | 0.23 |
| 11. | 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 transmission of shares and consolidation of multiple folios opened in the name of promoters.

KUMBHAT FINANCIAL SERVICES LIMITED

(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. | Smt. GUNAVANTI | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase on 30.06.2020 | 6195 | 0.13 | 6195 | 0.13 |
| | Purchase on 06.11.2020 | 22600 | 0.4757 | 28795 | 0.6062 |
| | Purchase on 13.11.2020 | 25500 | 0.5368 | 54295 | 1.1430 |
| | Purchase on 20.11.2020 | 2819 | 0.0593 | 57114 | 1.2024 |
| | Purchase on 27.11.2020 | 7205 | 0.1516 | 64319 | 1.3540 |
| | Purchase on 08.01.2021 | 18800 | 0.3957 | 83119 | 1.7498 |
| | Purchase on 05.02.2021 | 89841 | 1.8913 | 172960 | 3.6412 |
| | Purchase on 12.02.2021 | 2600 | 0.0547 | 175560 | 3.6960 |
| | Purchase on 19.02.2021 | 19600 | 0.4126 | 195160 | 4.1086 |
| | Purchase on 31.03.2021 | 5300 | 0.1115 | 200460 | 4.2202 |
| At the end of the year | 200460 | 4.2202 | 200460 | 4.2202 | |
| 2. | Shri. KUSHAL KUMAR RANKA | | | | |
| | At the beginning of the year | 231200 | 4.8673 | 231200 | 4.8673 |
| | Sale on 19.02.2021 | -3000 | 0.0631 | 228200 | 4.8042 |
| | Sale on 05.03.2021 | -20 | 0.0004 | 228180 | 4.8037 |
| | Sale on 26.03.2021 | -46000 | 0.9684 | 182180 | 3.8353 |
| | Sale on 31.03.2021 | -45001 | 0.9473 | 137179 | 2.8879 |
| | At the end of the year | 137179 | 2.8879 | 137179 | 2.8879 |
| 3. | Smt. CHANDRIKA RAJESH JAIN | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase on 30.06.2020 | 2500 | 0.0526 | 2500 | 0.0526 |
| | Purchase on 06.11.2020 | 50000 | 1.0526 | 52500 | 1.1052 |
| | At the end of the year | 52500 | 1.1052 | 52500 | 1.1052 |
| 4. | M/s. JAIN GRANITES & PROJECTS INDIA LIMITED | | | | |
| | At the beginning of the year | 49600 | 1.0442 | 49600 | 1.0442 |
| | At the end of the year | 49600 | 1.0442 | 49600 | 1.0442 |

KUMBHAT FINANCIAL SERVICES LIMITED

| 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 |
| 5. | M/s. MONEY SPELL PRIVATE LIMITED | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase on 19.02.2021 | 3000 | 0.0631 | 3000 | 0.0631 |
| | Sale on 26.02.2021 | -3000 | -0.0631 | 0 | 0.0000 |
| | Purchase on 31.03.2021 | 45001 | 0.9473 | 45001 | 0.9473 |
| | At the end of the year | 45001 | 0.9473 | 45001 | 0.9473 |
| 6. | Smt. INDRA GALADA & Shri. VIMAL KUMAR GALADA | | | | |
| | At the beginning of the year | 38500 | 0.8105 | 38500 | 0.8105 |
| | At the end of the year | 38500 | 0.8105 | 38500 | 0.8105 |
| 7. | M/s. MANGALA INVESTMENTS LIMITED | | | | |
| | At the beginning of the year | 30000 | 0.6315 | 30000 | 0.6315 |
| | At the end of the year | 30000 | 0.6315 | 30000 | 0.6315 |
| 8. | Smt. MAHEK HARISHCHANDRA MEHTA & Shri. RUCHIT HARISHCHANDRA MEHTA | | | | |
| | At the beginning of the year | 28414 | 0.5981 | 28414 | 0.5981 |
| | At the end of the year | 28414 | 0.5981 | 28414 | 0.5981 |
| 9. | Shri. RAJESH KUMAR JAIN S | | | | |
| | At the beginning of the year | - | - | - | - |
| | Purchase on 31.03.2021 | 27550 | 0.5800 | 27550 | 0.5800 |
| | At the end of the year | 27550 | 0.5800 | 27550 | 0.5800 |
| 10. | Mr. ESUF AHMED NASHRULLAH | | | | |
| | At the beginning of the year | 20000 | 0.4210 | 20000 | 0.4210 |
| | At the end of the year | 20000 | 0.4210 | 20000 | 0.4210 |

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. 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 |
| 2 | Smt. SARIKA KUMBHAT | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 3 | Shri. S. SUNIL KUMR (resigned with effect from 14th December, 2020) | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 4 | Shri. MOHANRAJ SHANMUGAM | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 5 | Shri. G. RAJASEKARAN | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | Shri. SAKTHIVEL MURUGAN | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 7 | S. RAMABADRAN (appointed with effect from 15th December, 2020) | | | | |
| | At the beginning of the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

KUMBHAT FINANCIAL SERVICES LIMITED

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 | - | - | - | - |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | - | - | - | - |
| Changes in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | | | | |
| Net Change | - | - | - | - |
| 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 2010-21. | | | |
| | (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 | | | | |

KUMBHAT FINANCIAL SERVICES LIMITED

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 2010-21. | | | | |
| 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. J. RAJASEKARAN | |
| 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. | - | 300000 | 120000 | 420000 |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | | | |
| 4. | Commission - as % of profit - others, specify... | | | | |
| 5. | Others, please specify | | | | |
| | Total | - | 300000 | 120000 | 420000 |

KUMBHAT FINANCIAL SERVICES LIMITED

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 2020-21.</i> | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | <i>There were no instances of penalties/punishment/compounding of offences during the financial year 2020-21.</i> | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | <i>There were no instances of penalties/punishment/compounding of offences during the financial year 2020-21.</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 : 25.06.2021

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, Smt. PUSHPA KUMBHAT, Shri. PREM KUMBHAT and Smt. MADHU 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 2020-21 the Company has paid a sum of Rs.57600/- to each such 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 | 04.05.2020 |
| 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 : 14.08.2020

KUMBHAT FINANCIAL SERVICES LIMITED

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 31st March, 2021. | |
| 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 until January, 2021 and accordingly the said figures are not computable for the previous year ended March 31, 2020. The details for the current year are as under:. Price Earnings ratio as on 31st March, 2021 is not computable as the Company has a negative EPS as on March 31, 2021. | |

KUMBHAT FINANCIAL SERVICES LIMITED

| | | | |
|-----|--|---|-------------------------------------|
| 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 of 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 : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2020-21

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 Women Director |
| 3. | Shri. S. Sunil Kumar (Resigned with effect from 14.12.2020) | Non-executive Independent Director |
| 4. | Shri. Sakthivel Murugan | Non-executive Independent Director |
| 5. | Shri. S. Ramabadrans (Appointed with effect from 15.12.2020) | Non-executive Independent Director |

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, 2021 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 woman Director | 1 | Nil |
| 3. | Shri. Sakthivel Murugan | Independent Director | 2 | 2 |
| 4. | Shri. S. Sunil Kumar (Resigned with effect from 14th December, 2020) | Independent Director | Nil | Nil |
| 5. | Shri. S. Ramabadrans | Independent Director | 5 | Nil |

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3. BOARD PROCEDURE:

Board Meeting:

During 2020-2021, the Board of Directors duly met Eight (8) times on 04.05.2020, 20.07.2020, 14.08.2020, 28.09.2020, 12.11.2020, 14.12.2020, 12.02.2021 and 31.03.2021.

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> |
|------------------------|----------------------|--|
| 04.05.2020 | 4 | 4 |
| 20.07.2020 | 4 | 4 |
| 14.08.2020 | 4 | 4 |
| 28.09.2020 | 4 | 4 |
| 12.11.2020 | 4 | 4 |
| 14.12.2020 | 4 | 4 |
| 12.02.2021 | 4 | 4 |
| 31.03.2021 | 4 | 4 |

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. Sanjay Kumbhat | 8 | Yes |
| 2. | Smt. Sarika Kumbhat | 8 | Yes |
| 3. | Shri. Sakthivel Murugan | 8 | Yes |
| 4. | Shri. S. Sunil Kumar | 6 | Yes |
| 5. | Shri. S. Ramabadran | 2 | No |

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. The Board recommends the re-appointment.

Shri. S. SUNIL KUMAR (DIN: 06989391) resigned from the Board with effect from 14th December, 2020 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. S. RAMABADRAN (DIN: 01280165) was appointed as an Independent Director of the Company with effect from 15th December, 2020 during the financial year.

KUMBHAT FINANCIAL SERVICES LIMITED

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, two Independent Directors and one Non-Independent Director. The members of the Committee are Shri. SAKTHIVEL MURUGAN, Independent Director as Chairman with effect from 15th December, 2020 (Shri. S. SUNIL KUMAR, Independent Director was Chairman of the Committee till 14th December, 2020), Shri. S. RAMABADRAN, Independent Director and Shri. SANJAY KUMBHAT, Non-Independent Director. 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.

The Audit Committee met eight 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> |
|------------------------|----------------------|--|
| 04.05.2020 | 3 | 3 |
| 20.07.2020 | 3 | 3 |
| 14.08.2020 | 3 | 3 |
| 28.09.2020 | 3 | 3 |
| 12.11.2020 | 3 | 3 |
| 14.12.2020 | 3 | 3 |
| 12.02.2021 | 3 | 3 |
| 31.03.2021 | 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. SAKTHIVEL MURUGAN (DIN: 08531800) Independent Director, was Chairman of the Committee, Shri. SANJAY KUMBHAT (DIN: 03077193) and Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Directors.

KUMBHAT FINANCIAL SERVICES LIMITED

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> |
|------------------------|----------------------|--|
| 22.02.2021 | 3 | 3 |
| 23.03.2021 | 3 | 3 |

- 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 2020-21.

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. SAKTHIVEL MURUGAN, Independent Director, Chairman (Shri. S. SUNIL KUMAR (DIN: 06989391) Resigned with effect from 14.12.2020), Smt. SARIKA KUMBHAT (DIN: 08032091), Non-Executive Non-Independent Director and Shri. S. RAMBADARAN, Independent Director (with effect from 15.12.2020). 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.1,20,000/- as remuneration to Shri. J. RAJASEKARAN (PAN: AEPPR8683H), Chief Financial Officer and Rs.3,00,000/- 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;

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- 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> |
|------------------------|----------------------|--|
| 14.12.2020 | 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 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, 2021, the committee comprised of Shri. S. SUNIL KUMAR (DIN: 06989391), Independent Director, Chairman (Resigned with effect from 14th December, 2020), Shri SAKTHIVEL MURUGAN (DIN: 08531800), Independent Director, Chairman (Appointed with effect from 15th December, 2020), 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> |
|------------------------|----------------------|--|
| 12.11.2020 | 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> |
|-------------|---|----------------------------------|-------------|--------------------------------|
| 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. | — |
| 2018-2019 | Bhartiya Vidhya Bhavan, New No. 18, 20, 22, East Mada Street, Mylapore, Chennai – 600 004. | 25th September, 2019 | 10.00 A.M. | 3# |
| 2019-2020 | Registered Office of the Company - Video Conferencing ("VC") / Other Audio Visual means ("OVAM"). | 28th September, 2020 | 10.00 A.M. | — |

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- # 1. Appointment of Shri. S. SUNIL KUMAR (DIN: 06989391) as an Independent Director of the Company;
- 2. Appointment of Shri. SAKTHIVEL MURUGAN (DIN: 08531800) as an Independent Director of the Company;
- 3. Appointment of Shri. SANJAY KUMBHAT (DIN: 03077193) as Managing Director of the Company;

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) resigned from the Board with effect from 14th December, 2020 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. S. RAMABADRAN (DIN: 01280165) was appointed as an Independent Director of the Company with effect from 15th December, 2020 during the financial 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.

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.

KUMBHAT FINANCIAL SERVICES LIMITED

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.

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 shares of the Company were suspended from trading in the Bombay Stock Exchange Limited, since the year 2015 pursuant to the non-compliance with the provisions of the listing agreement. During the financial year, the Company has received the order for revocation of suspension from Securities and Exchange Board of India (SEBI) and accordingly the Shares of the Company now continue to trade in Bombay Stock Exchange Limited with effect from 18th February, 2021.

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The Company has obtained Secretarial Audit Report from M/s. MUNDHARA & CO, Company Secretaries for the year 2020-21. 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: 28th Annual General Meeting of the Company will be held on Friday, the 6th August, 2021 at 10.00 a.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

b) Date of Book Closure: The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 31st July, 2021 to Friday, the 6th August, 2021 (both days inclusive).

c) Financial Year: 1st April, 2020 to 31st March, 2021

d) Financial Calendar (Tentative):

| | |
|-------------------------------------|------------------|
| First Quarter | : August, 2021 |
| Second Quarter & Half Yearly | : November, 2021 |
| Third Quarter | : February, 2021 |
| For the year ended 31st March, 2021 | : May, 2021 |

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

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f). Market price data:

| Months | BSE | | |
|----------------|---|-----------|--------------|
| | High (Rs.) | Low (Rs.) | Volume (No.) |
| April 2020 | <p><i>The trading in shares of the Company was suspended since the year 2015 uptil January, 2021 and accordingly the market price data upto January, 2021 is not available.</i></p> <p><i>However, the trading suspension was revoked with effect from 18th February, 2021.</i></p> | | |
| May 2020 | | | |
| June 2020 | | | |
| July 2020 | | | |
| August 2020 | | | |
| September 2020 | | | |
| October 2020 | | | |
| November 2020 | | | |
| December 2020 | | | |
| January 2021 | | | |
| February 2021 | | | |
| March 2021 | | | |

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, 2021:

Distribution of Shareholdings pattern based on categories of shareholdings as on March 31, 2021

| S. No. | Category | No. of Shares held | % of Shareholding |
|--------|--|--------------------|-------------------|
| 1 | Resident-Ordinary | 3802719 | 80.0572% |
| 2 | NRI-Repatriable | 38700 | 0.8147% |
| 3 | NRI-Non Repatriable | 900 | 0.0189% |
| 4 | Corporate Body-Domestic | 190500 | 4.0105% |
| 5 | Corporate Body-Others | 200 | 0.0042% |
| 6 | Corporate Body-Stock Broker - Proprietor | 800 | 0.0168% |
| 7 | Corporate Body-CM/TM – Proprietary Account | 350 | 0.0073% |
| 8 | Clearing Member | 45451 | 0.9568% |
| 9 | Trusts | 200 | 0.0042% |
| 10 | Resident-HUF | 19180 | 0.4037% |
| 11 | Promoters | 651000 | 13.7052% |
| | Grand Total | 4750000 | 100.0000% |

Distribution of Shareholdings based on slab of Shareholdings as on March 31, 2021

| Slab Shareholdings | Shareholders | % | Amount (In Rs.) | % |
|--------------------|--------------|---------------|-----------------|---------------|
| 10 – 5000 | 6966 | 84.1812 | 12695600 | 26.7275 |
| 5001 – 10000 | 729 | 8.8096 | 6383500 | 13.4389 |
| 10001 – 20000 | 286 | 3.4561 | 4303650 | 9.0603 |
| 20001 – 30000 | 140 | 1.6918 | 3503200 | 7.3751 |
| 30001 – 40000 | 35 | 0.4229 | 1217500 | 2.5631 |
| 40001 – 50000 | 49 | 0.5921 | 2352100 | 4.9517 |
| 50001 – 100000 | 35 | 0.4229 | 2515410 | 5.2956 |
| 100001 and above | 35 | 0.4229 | 14529040 | 30.5874 |
| Total | 8275 | 100.00 | 47500000 | 100.00 |

KUMBHAT FINANCIAL SERVICES LIMITED

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

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**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193**

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

Place: Chennai

Date : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

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**

**(SANJAY KUMBHAT)
Managing Director
DIN: 03077193**

**Place: Chennai
Date : 25.06.2021**

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

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview:

The Global Pandemic COVID-19 has sent the global economy spiraling downwards and India is not an exception to it. Indian GDP growth has touched a low of 3.2% and the Indian Government has announced Rs.20.00 Lakhs Crores economic relief packages to restrict the economy.

The entire business community is anxiously looking at government measures to revive the economy and the infrastructure has been given a special attention. We do hope to recover our dues from the economically restrained customers.

Opportunities:

The relief package announced by the government is set to affect almost all sectors and the government is keen to restore the position of Indian economy as the fastest growing in the world. Moreover many overseas Companies have expressed setting up their unit in India and the government move towards the same is being watched with much interest.

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.

KUMBHAT FINANCIAL SERVICES LIMITED

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.

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)**, Managing Director and **Shri. J. RAJASEKARAN (PAN: AEPPR8683H)**, 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, 2021 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**

**(G. RAJASEKARAN)
Chief Financial Officer
(PAN: AEPPR8683H)**

**No. 78/1, Basavaiyan Street, Old
Washermanpet,
Chennai – 600 021.**

**(Shri. SANJAY KUMBHAT)
Managing Director
DIN: 03077193**

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

**Place: Chennai
Date : 25.06.2021**

KUMBHAT FINANCIAL SERVICES LIMITED

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2021

[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, 2021** 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, 2021** 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;

KUMBHAT FINANCIAL SERVICES LIMITED

- 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;
- (vi) 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 Goods and Services Tax Act 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 Agreements 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 were suspended from trading since 2015 in the Bombay Stock Exchange Limited pursuant to non-compliance with the provisions of the listing agreement. As informed by the management, the Company has received the order for revocation of suspension from Securities and Exchange Board of*

KUMBHAT FINANCIAL SERVICES LIMITED

India (SEBI) and accordingly the Shares of the Company now continue to trade in Bombay Stock Exchange Limited with effect from 18th February, 2021.

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 the following specific events were held / actions were taken which are having a major bearing on the Company's Affairs:

- The Board of Directors of the Company at their meeting held on March 31, 2021 has approved the following:
 - a. Increase in Authorized Share Capital of the Company and consequent alteration to Memorandum of Association of the Company;
 - b. Issue of 90,00,000 Equity Shares on Preferential Basis.

**For MUNDHARA & CO,
Company Secretaries
(ICSI Unique Code: S1988TN005000)**

**(JAGDISH P MUNDHARA)
Proprietor
FCS 2353 C.P. No. 1443
UDIN: F002353C000518396**

**Place: Chennai
Date : 25.06.2021**

Note: 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.

KUMBHAT FINANCIAL SERVICES LIMITED

'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.
7. It is to be noted that due to lockdown and social distancing guidelines issued by the Ministry of Home Affairs and the respective state government for containment of spread of Covid-19, the documents, registers, forms, etc. mentioned in the secretarial audit report have not been physically verified by us, as being maintained by the Company at their office. While we have taken all possible steps to verify the records as made available to us by the Company through electronic medium and taken confirmation from the Company, wherever required but the audit was done subject to limitation of availability of documents.

For MUNDHARA & CO,
Company Secretaries
(ICSI Unique Code: S1988TN005000)

(JAGDISH P MUNDHARA)
Proprietor
FCS 2353 C.P. No. 1443
UDIN: F002353C000518396

Place: Chennai
Date : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

PRACTISING COMPANY SECRETARY'S CERTIFICATE ON DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. KUMBHAT FINANCIAL SERVICES LIMITED** having CIN: L65991TN1993PLC024433 and having registered office at **5th Floor, Kumbhat Complex, No. 29, Rattan Bazaar, George Town, Chennai – 600 003** (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number ('**DIN**') status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs ('**MCA**'), or any such other Statutory Authority.

| Sl. No. | Name of the Director | Directors Identification Number (DIN) | Date of Appointment in Company* |
|---------|----------------------|---------------------------------------|---------------------------------|
| 1. | SANJAY KUMBHAT | 03077193 | 30.12.2017 |
| 2. | SARIKA KUMBHAT | 08032091 | 30.12.2017 |
| 3. | SAKTHIVEL MURUGAN | 08531800 | 08.08.2019 |
| 4. | S. RAMABADRAN | 01280165 | 15.12.2020 |

*The date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MUNDHARA & CO,
Company Secretaries
(ICSI Unique Code: S1988TN005000)

(JAGDISH P MUNDHARA)
Proprietor
FCS 2353 C.P. No. 1443
UDIN: F002353C000518396

Place: Chennai
Date : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

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 M/s. Kumbhat Financial Services Limited for the year ended 31st March 2021 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.

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

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

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 2021.

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 **M/s. MARDIA ASSOCIATES**
(Chartered Accountants)
Reg No. : 007888S

MANISH MARDIA
(Proprietor)
Membership No: 205307

Place : Chennai.

Date : 29.06.2021

UDIN No: 21205307AAAAER1055

KUMBHAT FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

To the Members of Kumbhat Financial Services Limited

Opinion

We have audited the standalone financial statements of **KUMBHAT FINANCIAL SERVICES LIMITED**, which comprise the balance sheet as at 31st March 2021, and the statement of profit and loss, statement of changes in equity and 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 standalone financial statements give the information required by the Companies Act, 2013 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 March 31, 2021, and its Loss, changes in equity 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 Auditor's 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.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes 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 statements 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.

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

KUMBHAT FINANCIAL SERVICES LIMITED

Auditor's 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 auditor's 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 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 A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

KUMBHAT FINANCIAL SERVICES LIMITED

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 purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c. There are no branch offices of the Company.
- d. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- e. In our opinion the aforesaid financial statements comply with Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f. On the basis of written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- g. 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 B".

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company does not have any amounts required to be transferred to the Investor Education and Protection Fund.

For **Mardia & Associates**

Chartered Accountants

Firm's registration number: 007888S

(Manish Mardia)

Proprietor

Membership number: 205307

UDIN: 210205307AAAEP5787

Place: Chennai

Date: 25.06. 2021

KUMBHAT FINANCIAL SERVICES LIMITED

ANNEXURE A REFERRED TO IN PARAGRAPH 1 OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification.
- (c) According to the information and explanations given by the management, the Company has title deeds of immovable properties held in the name of the company.
- (ii) The Company does not have inventories.
- (iii) According to the information and explanations given to us and on the basis of our examination of the Books of accounts, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of activities carried on by the Company.
- (vii)(a) The company has generally been regular in depositing the undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks and debenture holders. The Company did not have any outstanding dues in respect of a financial institution or to Government, during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer or debt instruments or raised any term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

KUMBHAT FINANCIAL SERVICES LIMITED

- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) In our opinion, and according to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **Mardia & Associates**

Chartered Accountants

Firm's registration number: 007888S

(Manish Mardia)

Proprietor

Membership number: 205307

UDIN: 210205307AAAEP5787

Place: Chennai

Date: 25.06. 2021

KUMBHAT FINANCIAL SERVICES LIMITED

ANNEXURE B REFERRED TO IN PARAGRAPH 2 (g) OF THE SECTION ON “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF OUR REPORT OF EVEN DATE

Report on the Internal Financial Controls under Clause (i) of Sub-section 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** as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established under the COSO 2013 criteria, which considers 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, 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 information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and both issued by the Institute of Chartered Accountants of India. 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 judgement, 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 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

KUMBHAT FINANCIAL SERVICES LIMITED

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

Inherent 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, 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, 2021, 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 **Mardia & Associates**

Chartered Accountants

Firm's registration number: 007888S

(Manish Mardia)

Proprietor

Membership number: 205307

UDIN: 210205307AAAEP5787

Place: Chennai

Date: 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

Balance Sheet as at 31st March, 2021

(Amount in ₹ Lakhs)

| No. | Particulars | Note No. | As at 31.03.2021 | As at 31.03.2020 |
|------------|--|----------|------------------|------------------|
| I | ASSETS | | | |
| (1) | Financial Assets | | | |
| | (a) Cash and Cash Equivalents | 2 | 6.86 | 43.15 |
| | (b) Bank Balances other than cash and cash equivalents | 3 | 400.00 | - |
| | (c) Other Receivables | 4 | - | 0.75 |
| | (d) Loans | 5 | - | 457.32 |
| | (e) Investments | 6 | | |
| | - Quoted Equity Shares | | 6.95 | 5.68 |
| | - Unquoted Equity Shares | | 12.00 | 12.00 |
| | (f) Other Financial Assets | 7 | 0.03 | 0.03 |
| (2) | Non-Financial Assets | | | |
| | (a) Deferred Tax Asset (Net) | 8 | 3.49 | 3.82 |
| | (b) Property, Plant and Equipment | 9 | 0.25 | 0.32 |
| | (c) Other Current Assets | 10 | 0.44 | 0.91 |
| | Total Assets | | 430.02 | 523.98 |
| II | LIABILITIES AND EQUITY | | | |
| | Liabilities | | | |
| (1) | Financial Liabilities | | | |
| | (i) Trade Payables | | | |
| | - total outstanding dues of micro enterprises and small enterprises | | - | - |
| | - total outstanding dues of creditors other than micro enterprises and small enterprises | | - | - |
| | (ii) Other Financial Liabilities | | | |
| | - total outstanding dues of micro enterprises and small enterprises | | - | - |
| | - total outstanding dues of creditors other than micro enterprises and small enterprises | 11 | 2.77 | 4.82 |
| (2) | Non-Financial Liabilities | | | |
| | (a) Provisions | 12 | 1.69 | 5.08 |
| | (b) Other Current Liabilities | 13 | 0.10 | 0.86 |
| (3) | Equity | | | |
| | (a) Equity Share Capital | 14 | 475.00 | 475.00 |
| | (b) Other Equity (Refer Statement of changes in equity) | | (49.54) | 38.22 |
| | Total Liabilities and Equity | | 430.02 | 523.98 |

Summary of significant accounting policies

1

The accompanying notes are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

Mardia & Associates

CHARTERED ACCOUNTANTS

Firm Registration Number : 007888S

[Sanjay Kumbhat]

Managing Director

[Sarika Kumbhat]

Director

Manish Mardia

Proprietor

M.No : 205307

UDIN : 21205307AAAAEP5787

Place : Chennai

Date : 25.06.2021

[G.Rajasekaran]
Chief Financial Officer

[S Mohanraj]
Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

Statement of Profit and Loss for the year ended 31st March, 2021

(Amount in ₹ Lakhs)

| S. No. | Particulars | Note No. | For the year ended 31.03.2021 | For the year ended 31.03.2020 |
|--------|--|----------|-------------------------------|-------------------------------|
| I | Revenue from Operations | 15 | 16.97 | 45.03 |
| | Total Revenue from Operation | | 16.97 | 45.03 |
| II | Other Income | 16 | 0.00 | 5.94 |
| III | TOTAL INCOME (I+II) | | 16.97 | 50.97 |
| IV | Expenses | | | |
| | Employee Benefit Expenses | 17 | 4.50 | 6.00 |
| | Depreciation Amortisation and Impairment | 9 | 0.07 | 0.16 |
| | Other Expenses | 18 | 100.72 | 17.94 |
| | Net Loss on Fair Value Changes | 19 | (1.27) | 0.18 |
| | Impairment of Financial Instruments | 20 | - | 4.98 |
| | TOTAL EXPENSES (IV) | | 104.02 | 29.26 |
| V | Profit/(Loss) before Tax (III-IV) | | (87.05) | 21.71 |
| | Tax Expenses | | | |
| | - Current Tax | | - | 3.39 |
| | - Tax for earlier period | | 0.38 | - |
| | - Deferred Tax | | 0.33 | (3.45) |
| VI | Total Tax expense | | 0.71 | - |
| VII | Profit/(Loss) after tax (V-VI) | | (87.76) | 21.77 |
| VIII | Other Comprehensive Income | | | |
| | A (i) Items that will not be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will not be reclassified to Profit and Loss | | - | - |
| | B (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to Profit and Loss | | - | - |
| IX | Total Comprehensive Income for the period (VII+VIII) | | (87.76) | 21.77 |
| X | Earnings per equity share (FV of Rs.10) | | | |
| | Basic & Diluted | | (1.85) | 0.46 |

Summary of significant accounting policies

1

The accompanying notes are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

Mardia & Associates

CHARTERED ACCOUNTANTS

Firm Registration Number : 007888S

[Sanjay Kumbhat]

Managing Director

[Sarika Kumbhat]

Director

Manish Mardia

Proprietor

M.No : 205307

UDIN : 21205307AAAAEP5787

[G.Rajasekaran]
Chief Financial Officer

[S Mohanraj]
Company Secretary

Place : Chennai

Date : 25.06.2021

KUMBHAT FINANCIAL SERVICES LIMITED

Cash Flow Statement for the year ended 31st March, 2021

(Amount in ₹ Lakhs)

| S. No. | Particulars | For the year ended 31.03.2021 | For the year ended 31.03.2020 |
|------------|---|----------------------------------|----------------------------------|
| I | Cash Flow from operating Activities | | |
| | Profit/(Loss) after Tax | (87.76) | 21.77 |
| | Add: Tax paid | | - |
| | Adjustments of Non-cash and Non-operating items | | |
| | Add: - Deferred tax | 0.33 | (0.06) |
| | - Depreciation and Amortisation | 0.07 | 0.16 |
| | - Net Loss on Fair Value changes | (1.27) | 0.18 |
| | - Impairment of Financial Instruments | - | 4.98 |
| | - Tax for earlier period | | - |
| | - Fixed Assets written off | | - |
| | - Bad debts written off | 65.72 | - |
| | Less: - Impairment loss allowance | - | - |
| | - Dividend Income | 0.02 | 0.05 |
| | Operating Profits before Working Capital Changes | (22.94) | 26.99 |
| | Adjustment for Working Capital Changes | | |
| | Add: Increase in Current Liabilities | - | 3.09 |
| | Decrease in Current Assets | 1.22 | - |
| | Less: Increase in Current Assets | 400.00 | 0.75 |
| | Decrease in Current Liabilities | 6.19 | - |
| | Cash generated from operations | (427.91) | 29.31 |
| | Less: Tax Paid | - | 0.67 |
| | Net Cash from Operating Activities (A) | (427.91) | 28.64 |
| II | Cash Flow from Investing Activities | | |
| | Purchase of Fixed Assets | - | (0.22) |
| | Dividend Income | 0.02 | 0.05 |
| | Net Cash from Investing Activities (B) | 0.02 | (0.17) |
| III | Cash Flow from Financing Activities | | |
| | Loans given | - | 138.37 |
| | Repayments received | 391.59 | 152.01 |
| | Net Cash from Financing Activities (C) | 391.59 | 13.64 |
| | Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C) | (36.29) | 42.12 |
| | - cash and cash equivalents at the beginning of the year | 43.15 | 1.04 |
| | Cash and cash equivalents at the end of the year | 6.86 | 43.15 |

Summary of significant accounting policies

1

The accompanying notes are integral part of the financial statements.

As per our report of even date

For and on behalf of the Board

Mardia & Associates

CHARTERED ACCOUNTANTS

Firm Registration Number : 007888S

Manish Mardia

Proprietor

M.No : 205307

UDIN : 21205307AAAAEP5787

Place : Chennai

Date : 25.06.2021

[Sanjay Kumbhat]
Managing Director

[Sarika Kumbhat]
Director

[G.Rajasekaran]
Chief Financial Officer

[S Mohanraj]
Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY for the period ended 31-03-2021

| (Amount in ₹ Lakhs) | |
|---|---------------|
| Particulars | Amount |
| Balance as at 01-04-2019 | 475.00 |
| Changes in Equity Share capital during the year | - |
| Balance as at 31-03-2020 | 475.00 |
| Balance as at 01-04-2020 | 475.00 |
| Changes in Equity Share capital during the year | - |
| Balance as at 31-03-2021 | 475.00 |

B. Other Equity (Amount in ₹ Lakhs)

| Particulars | Reserves and Surplus | | Retained Earnings | Other Comprehensive Income | Total |
|---------------------------------|----------------------|-------------------|-------------------|----------------------------|----------------|
| | General Reserve | Statutory Reserve | | | |
| Balance as on 01-04-2019 | 100.20 | 42.72 | (126.47) | - | 16.45 |
| Profit after tax | - | 6.00 | 21.77 | - | 27.77 |
| Appropriations/Transfer* | - | - | (6.00) | - | (6.00) |
| Balance as on 31-03-2020 | 100.20 | 48.72 | (110.70) | - | 38.22 |
| Balance as on 01-04-2020 | 100.20 | 48.72 | (110.70) | - | 38.22 |
| Profit after tax | - | - | (87.76) | - | (87.76) |
| Appropriations/Transfer* | - | - | - | - | - |
| Balance as on 31-03-2021 | 100.20 | 48.72 | (198.46) | - | (49.54) |

*The Company has transferred a sum of not less than twenty percent of the current year's profit after tax as disclosed in the profit & loss statement to Statutory Reserve pursuant to Section 45-1C of the RBI Act, 1934

The accompanying notes are an integral part of the financial statements

As per our report of even date

Mardia & Associates

CHARTERED ACCOUNTANTS

Firm Registration Number : 007888S

Manish Mardia

Proprietor

M.No : 205307

UDIN : 21205307AAAAEP5787

Place : Chennai

Date : 25.06.2021

For and on behalf of the Board

[Sanjay Kumbhat]
Managing Director

[Sarika Kumbhat]
Director

[G. Rajasekaran]
Chief Financial Officer

[S Mohanraj]
Company Secretary

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

Company Overview

Kumbhat Financial Services Limited (“the Company”) is a Public company incorporated in India in 1993 and is having registered at 5th Floor, Kumbhat Complex, No.29, Rattan Bazaar, Park Town Chennai, 600003 Tamil Nadu. The Company is registered as a Non-Banking Financial Company (Non-Deposit taking) with Reserve Bank of India and is primarily engaged in the business of financing of commercial loans. The equity shares of the Company are listed on Bombay Stock Exchange.

Basis of preparation and presentation

➤ Compliance with Ind AS

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act. In addition, the directions of Reserve Bank of India, the Guidance Notes and announcements issued by the Institute of Chartered Accountants of India are also applied, except where the compliance with other statutory provisions requires different treatment.

➤ Historical Cost Convention

The Financial Statements have been prepared under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below.

The financial statements have been prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. The outbreak of COVID-19 has not affected the going concern assumption of the Company. The Company uses accrual basis of accounting except in case of significant uncertainties.

All the amounts included in Standalone Financial Statements are reported in Indian Rupees in Lakh, which is the functional currency of the Company.

The Company presents its Balance Sheet in the order of liquidity.

➤ Critical accounting estimates and judgements

The preparation of the Company’s financial statements in conformity with Ind AS requires the management of the Company to make use of estimates, assumptions and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management’s estimates are based. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment
- Fair value of financial instruments
- Effective Interest Rate (EIR)
- Impairment on financial assets (ECL)
- Provisions and other contingent liabilities
- Provision for tax expenses
- Residual value and useful life of property, plant and equipment

KUMBHAT FINANCIAL SERVICES LIMITED

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Revenue Recognition

(i) Interest income

The Company recognises interest income on an accrual basis, using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI). The EIR is the rate that exactly discounts estimated future cash receipts (including all fees, transaction costs and other premiums or discounts paid or received) through the expected life of the financial instrument to the carrying amount on initial recognition. Accordingly EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability.

The Company recognises interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'stage 3', the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognised at the contractual rate of interest.

Delayed payment interest (penal interest), if any, levied on customers for delay in repayments/non-payment of contractual cashflows as per the agreed terms and conditions of the loan, is recognised on realisation.

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend be measured reliably.

(iii) Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

(iv) Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

KUMBHAT FINANCIAL SERVICES LIMITED

1.2. Cash and cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value net of outstanding bank Cash Credits repayable on demand, as they are considered an integral part of the Company's cash management.

Cash flow statements are reported using indirect method and the cash flows from operating, investing and financing activities of the Company are segregated.

1.3. Financial instruments

A financial instrument is defined as any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

Financial Assets and Liabilities - Initial Recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments.

All financial assets and Liabilities are initially recognised at fair value.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in profit or loss.

For tradable securities, the Company recognises the financial instruments under Settlement date Accounting.

Classification and Subsequent measurement

Financial Assets:

The Company classifies its financial assets as subsequently measured at either amortized cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at Amortised Cost only if both of the following conditions are met:

- The asset is held with a Business model whose objective is to hold them to collect contractual cash flows and
- The contractual terms of the financial assets give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the amount outstanding

Such Financial assets are subsequently measured at amortised cost using the Effective Interest rate Such Financial assets are subsequently measured at amortised cost using the Effective Interest rate method.

Financial assets are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI) if:

KUMBHAT FINANCIAL SERVICES LIMITED

- The financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal and the interest (SPPI) on the principal outstanding.

Any financial instrument, which does not meet the criteria for categorisation as amortized cost or as Fair Value Through Other Comprehensive Income (FVTOCI), is classified as at Fair Value Through P&L (FVTPL).

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt and equity instruments are recognised on net basis through profit or loss.

Financial Liabilities:

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at FVTPL. A financial liability is classified as FVTPL if it is held-for-trading or it is a derivative or it is designated as FVTPL on initial recognition. Interest expense, foreign exchange gains (losses) and any gains and losses on de-recognition are recognised in the profit or loss.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets:

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when and only when :

- The right to receive cash flows from the asset have expire,(or)
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains all or substantially all the risks and rewards of the transferred assets, the transferred assets are not de-recognised.

On de-recognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is recognised in profit or loss.

Financial liabilities:

The Company de-recognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Impairment of financial assets

The Company assess on the forward looking basis the expected credit losses associated with its financial assets held under amortised cost and at FVOCI. The impairment methodology applied depends on

KUMBHAT FINANCIAL SERVICES LIMITED

whether there has been a significant increase in credit risk. Based on the methodology the Company is formulating the risk evaluation based impairment framework.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised.

Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

Financial assets (and the related impairment loss allowances) are written off in full, when there is no realistic prospect of recovery.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when, and only when,

- there is an enforceable legal right to offset the recognised amounts and
- an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

During the financial year no offsetting of financial instruments has been made in the financial statements.

1.4. Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.5. Taxes

Income Tax expense represents the aggregate amount included in the determination of Profit or Loss for the period in respect of Current Tax and Deferred Tax.

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid/payable to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

KUMBHAT FINANCIAL SERVICES LIMITED

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and same taxation authority.

Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(iii) Minimum Alternate Tax (MAT)

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the companies will pay normal income tax during the specified period.

1.6. Property, Plant and Equipment (PPE)

Cost model is adopted for Property, Plant and Equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if,

- (a) it is probable that future economic benefits associated with the item will flow to the entity and
- (b) the cost of the item can be measured reliably.

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any non-refundable import duties and other taxes, any directly attributable expenditure on

KUMBHAT FINANCIAL SERVICES LIMITED

making the asset ready for its intended use by the Management, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to Statement of Profit and Loss in the period in which the costs are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

1.7. Intangible Assets

An intangible asset is recognised if, and only if (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and (b) the cost of the asset can be measured reliably as per the assessment of the management.

Intangible assets with finite useful lives that are acquired separately are initially recognized at Cost which comprises of the purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use, and subsequently carried at cost less accumulated amortization and accumulated impairment losses.

In respect of Computer software, it is the policy of the Company to capitalize the Cost of the software and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

As at the date of the Financial Statements the Company doesn't have any Intangible Assets in use.

1.8. Depreciation on Property, Plant and Equipment

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The useful life of an asset is the period over which an asset is expected to be available for use by an entity.

Amortisation is recognised on a straight- line basis over the estimated useful lives

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically as appropriate in the views of the management and also at the end of each reporting period and adjusted if required.

There are no assets under Financial Lease during the Financial year.

Estimated useful lives of the assets are considered as determined by the management and in respect of an item of PPE having individual value up to Rs. 5,000/- is depreciated fully in the financial year of purchase of asset.

KUMBHAT FINANCIAL SERVICES LIMITED

1.9. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss based on the internal and external factors. Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount where the recoverable amount is the higher of the net selling price of the assets and their value in use.

There are no Intangible Assets with indefinite useful lives.

1.10. Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities

A disclosure for contingent liabilities is made where there is:

- a. possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity (or)
- b. a present obligation that arises from past events but is not recognized because 1). it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or 2). the amount of the obligation cannot be measured with sufficient reliability.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

1.11. Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Non- monetary items, which are measured in terms of historical cost denominated in a foreign

KUMBHAT FINANCIAL SERVICES LIMITED

currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

During the year, there are no foreign currency transactions.

1.12. Employee benefits

Short term Employee benefits

Short term employee benefits for services rendered by employees are recognised during the period when the services are rendered.

Post Employment benefits

As the number of persons employed by the Company on roll fall below the limits (at any point of time during the year) prescribed Employee Provident Fund Act, 1952 and Employee State Insurance Act, 1948 the Company is not covered under the said Acts and hence no obligation arises on the part of the Company to contribute for the post employments benefit funds as per the respective acts.

Likewise the Company is not covered by Payment of Gratuity Act, 1972 as it doesn't have number employees beyond the threshold limit. Hence the Company is not required to carry out actuarial valuation for the Gratuity liabilities and make provisions accordingly. However the Company, for the sake of the employee benefits, is making provisions for Gratuity at the rate prescribed under the Payment of Gratuity Act, 1972 and the estimations are made on the basis of number of years served by the employee consecutively for a period more than 5 years.

1.13. Earning Per Share:

Basic earnings per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.

Diluted earnings per share is computed by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

1.14. Non-adjusting events after the reporting period:

The board of directors approved the following items on 31st March, 2021 which was later voted in favour of, in the Virtual Extra Ordinary General Meeting held on 17th May 2021:

1. Increase in Authorised share capital of the company from existing Rs.10,00,00,000 to Rs.15,00,00,000.
2. Preferential allotment of 90,00,000 equity shares of Rs.10/- each

Subject to the receipt of various statutory approvals and compliance with regulation 31A of the extant SEBI (LODR) Regulations, 2015, the proposed allottees of the preferential allotment shall be the new promoters of the company and classified under promoter group category accordingly.

1.15. Approval of financial statements

The financial statements were approved for issue by the board of directors on 25th June, 2021.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

Note No : 2

Cash and Cash Equivalents

(Amount in ₹ Lakhs)

| Particulars | | As at 31.03.2021 | As at 31.03.2020 |
|-------------|-------------------|------------------|------------------|
| 1 | Cash on Hand | 0.08 | 0.33 |
| 2 | Balance with Bank | 6.78 | 42.82 |
| | Total | 6.86 | 43.15 |

Note No : 3

Bank Balances other than cash and cash equivalents

| Particulars | | As at 31.03.2021 | As at 31.03.2020 |
|-------------|--------------------------|------------------|------------------|
| | Fixed deposits with Bank | 400.00 | - |
| | Total | 400.00 | - |

Note No : 4

Other Receivables

| Particulars | | As at 31.03.2021 | As at 31.03.2020 |
|-------------|---|------------------|------------------|
| | Receivables considered good - unsecured | - | 0.75 |
| | Total | - | 0.75 |

Note No : 5

Loans (Carried at Amortised Cost)

| Particulars | | As at 31.03.2021 | As at 31.03.2020 |
|-------------|---------------------------------|------------------|------------------|
| | Commercial Loans - Unsecured | 79.93 | 552.69 |
| | Less: Impairment Loss Allowance | 79.93 | 95.37 |
| | Total | (0.00) | 457.32 |

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year end stage classification.

| Particulars | Stage 1 | Stage 2 | Stage 3 |
|--------------|----------|--------------|--------------|
| Standard | - | - | - |
| Sub-Standard | - | 81.16 | - |
| Doubtful | - | - | - |
| Loss | - | - | 79.93 |
| | - | 81.16 | 79.93 |

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

Reconciliation of ECL Balance

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | | | | As at 31.03.2020 | | | |
|------------------------------------|------------------|---------|---------|--------|------------------|---------|---------|-------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| ECL - Opening Balance | 2.12 | 13.32 | 79.93 | 95.37 | 2.53 | 4.90 | 82.96 | 90.39 |
| New assets originated or purchased | - | - | - | - | 0.09 | - | - | - |
| Assets derecognised or repaid | -2.12 | - | - | -2.12 | - | 4.26 | -0.00 | - |
| Transfers to/from Stage 1 | - | - | - | - | -0.51 | - | - | - |
| Transfers to/from Stage 2 | - | - | - | - | - | 9.06 | - | - |
| Transfers to/from Stage 3 | - | - | - | - | - | - | - | - |
| Amount written off | - | -13.32 | - | -13.32 | - | - | - | - |
| ECL - Closing Balance | 0.00 | 0.00 | 79.93 | 79.93 | 2.12 | 13.32 | 79.93 | 95.37 |

Note No : 6

Investments (measured at FVTPL)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---------------------------|------------------|------------------|
| a. Quoted Equity Shares | 6.95 | 5.68 |
| b. Unquoted Equity Shares | 12.00 | 12.00 |
| Total Investments | 18.95 | 17.68 |

Fair Value measured at Level 1 for quoted and unquoted shares.

Note No : 7

Other Financial Assets (Carried at Amortised Cost)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|------------------|------------------|------------------|
| Service Deposits | 0.03 | 0.03 |
| Total | 0.03 | 0.03 |

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

Note No : 8

Deferred Tax Assets (Net)

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---------------------------|------------------|------------------|
| Deferred Tax Asset | | |
| Opening Balance | 0.43 | 0.37 |
| Provision during the year | (0.33) | 0.06 |
| Closing Balance | 0.10 | 0.43 |
| MAT credit Entitlement | 3.39 | 3.39 |
| Total | 3.49 | 3.82 |

Deferred Tax Asset and Deferred Tax Liability have been offset as they relate to the same governing taxation laws.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance sheet date and the carrying amount of MAT is written down to the extent there is no longer a convincing evidence to the effect that the companies will pay normal income tax during the specified period.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

Note No : 9
Tangible Assets
 (Amount in ₹ Lakhs)

| SL. No | Particulars | Gross Block | | | | Depreciation | | | Net Block | | |
|--------|----------------------|------------------|-----------|-----------|------------------|------------------|--------------|-----------|------------------|------------------|-------------|
| | | As on 01.04.2020 | Additions | Deletions | As on 31.03.2021 | As on 01.04.2020 | For the year | Deletions | As on 31.03.2021 | As on 31.03.2020 | |
| (a) | Furniture & Fittings | 0.22 | - | - | 0.22 | 0.02 | 0.02 | - | 0.04 | 0.18 | 0.20 |
| (b) | Computers | 3.55 | - | - | 3.55 | 3.43 | 0.05 | - | 3.48 | 0.07 | 0.12 |
| | Total CY | 3.77 | - | - | 3.77 | 3.45 | 0.07 | - | 3.52 | 0.25 | 0.32 |

| SL. No | Particulars | Gross Block | | | | Depreciation | | | Net Block | | |
|--------|----------------------|------------------|-------------|-----------|------------------|------------------|--------------|-----------|------------------|------------------|-------------|
| | | As on 01.04.2019 | Additions | Deletions | As on 31.03.2020 | As on 01.04.2019 | For the year | Deletions | As on 31.03.2020 | As on 31.03.2019 | |
| (a) | Furniture & Fittings | - | 0.22 | - | 0.22 | - | 0.02 | - | 0.02 | 0.20 | - |
| (b) | Computers | 3.55 | - | - | 3.55 | 3.29 | 0.14 | - | 3.43 | 0.12 | 0.26 |
| | Total CY | 3.55 | 0.22 | - | 3.77 | 3.29 | 0.16 | - | 3.45 | 0.32 | 0.26 |

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

Note No : 10**Other Current Assets**

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|----------------|------------------|------------------|
| TDS receivable | 0.44 | 0.91 |
| Total | 0.44 | 0.91 |

LIABILITIES**Note No : 11****Other Financial Liabilities**

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|------------------------|------------------|------------------|
| Creditors for Expenses | 2.77 | 4.82 |
| Total | 2.77 | 4.82 |

Note No : 12**Provisions**

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|------------------------------------|------------------|------------------|
| 1. Provision for Employee Benefits | 1.69 | 1.69 |
| 2. Provision for Income Tax | - | 3.39 |
| Total | 1.69 | 5.08 |

Note No : 13**Other Current Liabilities**

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|----------------|------------------|------------------|
| 1. TDS payable | 0.10 | 0.86 |
| Total | 0.10 | 0.86 |

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES TO BALANCE SHEET AS AT 31ST MARCH 2021

EQUITY

Note No : 14

Share Capital

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Authorised share capital | | |
| 1. 1,00,00,000 equity share of Rs.10 each | 1,000.00 | 1,000.00 |
| 2. Issued, subscribed and fully paid up shares 47,50,000 equity shares of Rs.10 each | 475.00 | 475.00 |
| Total | 475.00 | 475.00 |

Reconciliation of number and amount of Shares

| Particulars | As at 31.03.2021 | | As at 31.03.2020 | |
|---|------------------|--------|------------------|--------|
| | Number of Shares | Amount | Number of Shares | Amount |
| Shares outstanding at the beginning of the year | 47.50 | 475.00 | 47.50 | 475.00 |
| Shares issued during the year | - | - | - | - |
| Shares brought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 47.50 | 475.00 | 47.50 | 475.00 |

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. No dividend has been recognised as distribution to equity shareholders for the Year ended 31.03.2021 (31.03.2020- Rs.NIL) 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 distributions will be in proportion to the number of shares held by the share holder.

Share Holding

No individual share holder of the company holds more than 5% of the equity shares.

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT

INCOME

Note No : 15

Revenue From Operations

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|--|------------------|------------------|
| Interest Income on Financial Assets measured at Amortised Cost | | |
| 1 Commercial Loans | 16.93 | 44.99 |
| 2 Bank Interest | 0.02 | |
| 3 Dividend Income | 0.02 | 0.05 |
| Total | 16.97 | 45.04 |

Note No : 16

Other Income

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|-----------------------|------------------|------------------|
| 1 Bad Debts Recovered | - | 5.94 |
| Total | - | 5.94 |

EXPENSES

Note No : 17

Employee Benefit Expenses

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|----------------------|------------------|------------------|
| 1 Salaries and Wages | 4.50 | 6.00 |
| Total | 4.50 | 6.00 |

Note No : 18

Other Expenses

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|-------------------------------|------------------|------------------|
| Administrative Expenses | | |
| - Rent | 2.88 | 1.50 |
| - Advertisement Expense | 1.43 | 0.77 |
| - Office Expense | - | 0.65 |
| - Printing and Stationery | 0.48 | 0.04 |
| - Bank Charges | 0.06 | 0.07 |
| - Audit Fees | 0.75 | 0.75 |
| - Membership and Subscription | 0.30 | 0.12 |
| - Rates and Taxes # | 25.71 | 8.02 |
| - Communication Expenses | 0.06 | 0.12 |
| - Professional Charges | 2.95 | 1.64 |
| - Sundry expenses* | 0.24 | 4.21 |
| - Conveyance Expense | 0.15 | 0.05 |
| - Bad debts written off | 65.72 | - |
| Total | 100.72 | 17.94 |

Rates and Taxes includes revocation fees paid to BSE amounting to Rs. 21.24 Lakhs (Previous year Rs. Nil).

KUMBHAT FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF PROFIT AND LOSS ACCOUNT

Note No : 19

Net Loss on Fair Value Changes

(Amount in ₹ Lakhs)

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| Net Loss on Financial Instruments at Fair Value through Profit and Loss | | |
| - Financial Assets | (1.27) | 0.18 |
| Total | (1.27) | 0.18 |

Note No : 20

Impairment of Financial Assets

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|------------------|------------------|
| On Financial Instruments measured at Amortised Cost | | |
| - Commercial Loan | - | 4.98 |
| Total | - | 4.98 |

As per our report of even date

For and on behalf of the Board

Mardia & Associates

CHARTERED ACCOUNTANTS

Firm Registration Number: 007888S

[Sanjay Kumbhat]

Managing Director

[Sarika Kumbhat]

Director

Manish Mardia

Proprietor

M.No : 205307

UDIN : 21205307AAAAEP5787

[G.Rajasekaran]
Chief Financial Officer

[S Mohanraj]
Company Secretary

Place : Chennai

Date : 25.06.2021

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