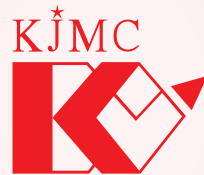


*Performing to Grow  
Growing to Excel*



**KJMC<sup>★</sup> Financial Services Limited**

**23rd Annual Report  
2010-2011**





<b>BOARD OF DIRECTORS</b>	: Mr. I.C. Jain Mr. R. R. Kumar Mr. Rajnesh Jain Mr. Girish Jain Mr. S. C. Aythora Mr. Nitin Kulkarni	<i>Chairman</i>
<b>COMPANY SECRETARY</b>	Mr. Rupesh Tawde	
<b>AUDITORS</b>	: Batliboi and Purohit Chartered Accountants National Insurance Building, 204, D. N. Road, Fort, Mumbai - 400 001.	
<b>BANKERS</b>	: Union Bank of India UCO Bank	Citi Bank HDFC Bank Limited
<b>REGISTERED OFFICE</b>	: 168, Atlanta, 16 <sup>th</sup> Floor, Nariman Point, Mumbai - 400 021. Tel. No. (022) - 4094 5500 (022) - 22832350 / 52 Fax No. 91-022 - 22852892 Website : www.kjmc.com	
<b>REGISTRAR &amp; TRANSFER AGENT</b>	: Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400 072. Tel. No. : 2847 0652 / 53 • Fax No. 2847 5207 E-mail: info@bigshareonline.com Counter Timings: 10.30 a.m. to 12.30 p.m. • 1.30 p.m. to 3.30 p.m.	
<b>GROUP BRANCH OFFICE</b>	: <b>NEW DELHI</b> 221, Hans Bhavan Bahadur Shah Zafar Marg, New Delhi - 110 002.	<b>JAIPUR</b> 41, Jai Jawan Colony II Tonk Road, Durgapur, Jaipur - 302 018.
	<b>AHMEDABAD</b> Brodway Business Centre, 1st Floor, Shahjanand Complex, C. G. Road, Ahmedabad 380 008.	

<b>TWENTY THIRD ANNUAL GENERAL MEETING</b>	
<b>DATE</b>	<b>Saturday, 24th September, 2011</b>
<b>TIME</b>	<b>3.30 P.M.</b>
<b>VENUE</b>	<b>S.K. SOMANI MEMORIAL HALL</b> HINDI VIDYA BHAWAN 79, MARINE DRIVE, 'F' ROAD, MUMBAI - 400 020.

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**NOTICE**

Notice is hereby given that Twenty Third Annual General Meeting of the Members of KJMC Financial Services Limited will be held on Saturday, 24<sup>th</sup> September, 2011 at 3.30 P.M. at S. K. Somani Memorial Hall, Hindi Vidyya Bhawan, 79-Marine Drive, 'F' Road, Mumbai - 400 020, to transact the following business :-

**ORDINARY BUSINESS:-**

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon.
- To declare Dividend on 12% Non Cumulative Redeemable Preference Shares.
- To appoint a Director in place of Shri I. C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri S. C. Aythora, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and fix their remuneration and in this regard 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 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai be appointed as Statutory Auditors of the Company, in place of the retiring Auditors M/s. Batliboi and Purohit, Chartered Accountants, Mumbai to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting of the Company on a remuneration to be fixed by the Board of Directors of the Company, in consultation with the Auditors of the Company."

**FOR KJMC FINANCIAL SERVICES LIMITED**

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

**(RUPESH TAWDE)**  
**COMPANY SECRETARY**

**NOTES:**

- The related Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item no. 5 setting out the material facts is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The Instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company at 168, Atlanta, Nariman Point, 16<sup>th</sup> Floor, Mumbai – 400021, not less than forty eight hours before the commencement of the meeting
- Members who hold Shares in dematerialized form are requested to bring their client ID and DP ID number for easy identification of attendance in the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17<sup>th</sup> September, 2011 to Saturday, 24<sup>th</sup> September, 2011 (both days inclusive) for the purpose of Annual General Meeting.
- As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of their holdings. Nomination Form can be obtained from the Company's Registrar and Transfer Agents.
- Information required to be furnished under the Listing Agreement :  
The information required to be provided under the listing agreement entered into with the stock exchange regarding the Directors who are proposed to be re-appointed / Directors seeking appointment at the Annual General Meeting is given hereunder:

<b>1.</b>	<b>Name &amp; Designation</b>	<b>Shri I. C. Jain, Chairman</b>
	Date of Birth	7 <sup>th</sup> November, 1939
	Qualifications	B. Com (Hons), FCA
	Expertise	He has over four decades of experience in income tax Counseling, Corporate Finance, Merchant Banking and Company Audit
	Director of the Company since	30 <sup>th</sup> June, 2000

The other Directorships / Committee Membership of Shri. I. C. Jain are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Ltd.	Member - Audit Committee Chairman- Share Transfer and Investors' Grievance Committee	Chairman
KJMC Investment Trust Company Ltd.	-	Chairman
KJMC Shares and Securities Ltd.	-	Chairman
KJMC Technologies and Systems Ltd.	-	Director
Port City Infrastructure Development (India) Ltd.	-	Director
KJMC Commodities Market India Ltd.	-	Director
KJMC Realty Pvt. Ltd.	-	Director
KJMC Silver Properties Pvt. Ltd.	-	Director
Prathamesh Enterprises Pvt. Ltd.	-	Director

<b>2.</b>	<b>Name &amp; Designation</b>	<b>Shri S. C. Aythora, Director</b>
	Date of Birth	10 <sup>th</sup> January, 1951
	Qualifications	B. Com (Hons), FCA
	Expertise	He has more than 20 years of experience in the field of Corporate Accounts, Audit, Taxation.
	Director of the Company since	9 <sup>th</sup> June, 2004

The other Directorships / Committee Membership of Shri S. C. Aythora are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Ltd.	Member- Remuneration Committee	Director
KJMC Capital Market Services Ltd.	Member - Audit Committee Chairman - Remuneration Committee.	Director
Gold Rock Investments Ltd.	Member- Audit Committee Chairman - Shareholders / Investor Grievance Committee	Director
Gold Rock World Trade Ltd.	-	Director
Gold Rock Metals Ltd.	-	Director
Gold Rock Agro Tech Ltd.	-	Director
Tridhar Finance & Trading Ltd.	-	Director
Saryu Investment & Trading Pvt. Ltd.	-	Director
Sugata Investments Ltd.	-	Director
Seattle Online Pvt. Ltd.	-	Director
Picanova Investments Pvt. Ltd.	-	Director
Blue Point Leasing Ltd.	-	Director
Incite Infotech Pvt. Ltd.	-	Director
Splendour Trade Place Pvt. Ltd.	-	Director
Panki Roadlines Pvt. Ltd.	-	Director

- Members are requested to:
  - To bring their copy of the Annual Report at the meeting.
  - Quote their Folio No. / Client ID No. in all correspondence with the Company.
  - Notify immediately to the Company or Present R&T Agents viz Big Share Services Private Limited, any change in their address and their mandates, if any. Pin Code Nos. at the end of address should positively be mentioned in order to ensure that postal authorities deliver the envelopes easily and on time.
  - Handover the enclosed attendance slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
- Any member requiring further information on accounts at the meeting is requested to address their queries in writing to the Company at least 10 days in advance from the date of the meeting so that the required information may be made readily available at the meeting.

**EXPLANATORY STATEMENT  
(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

**Item No. 5 :**

M/s. Batliboi and Purohit, Chartered Accountants, Mumbai the Statutory Auditors of the Company vide their letter dated 16<sup>th</sup> May, 2011, have expressed their inability to be re-appointed as Auditors of the Company due to their other professional commitments.

The Company has received a Special notice from a member under section 225 of the Companies Act, 1956, proposing the appointment of M/s K. S. Aiyar & Co., Chartered Accountants, Mumbai as Statutory Auditors. The Company has received a certificate pursuant to section 224(1B) of the Companies Act, 1956, from M/s. K. S. Aiyar & Co., Chartered Accountants certifying their eligibility for appointment as auditors of the Company.

It is therefore proposed to appoint M/s. K. S. Aiyar & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

The Board of Directors commends passing of the Ordinary Resolution proposed at item no. 5 of the Notice.

None of the Directors of the Company, is in any way, concerned or interested in the proposed resolution.

**FOR KJMC FINANCIAL SERVICES LIMITED**

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

**(RUPESH TAWDE)**  
**COMPANY SECRETARY**

**DIRECTORS' REPORT**

To,  
The Members of  
KJMC Financial Services Limited

Your Directors herewith present the 23<sup>rd</sup> Annual Report, together with the audited statement of accounts of the Company for the year ended 31<sup>st</sup> March, 2011.

**FINANCIAL RESULTS**

The performance of the Company for the financial year ended 31<sup>st</sup> March, 2011 is summarised below:

(₹ in lakhs)

Particulars	Year ended	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Total Income	106.81	75.15
Expenditure	74.84	42.43
<b>Profit before Depreciation and Tax</b>	<b>31.97</b>	<b>32.72</b>
Less : Depreciation	5.57	6.37
Profit after Tax	26.40	26.35
Less: Provision for Tax		
- Current Tax	8.50	4.72
- Deferred Tax	(127.09)	-
- MAT Credit	(6.86)	-
- Prior year taxes	-	0.16
<b>Profit / (Loss) After Tax</b>	<b>151.85</b>	<b>21.47</b>
Add : Prior period Income / ( Expenses)	-	(0.04)
Add : Surplus as per last account	78.66	75.56
Disposable Profits	230.51	96.99
Appropriations towards :		
Special Reserve	30.37	4.29
General Reserve	15.19	2.15
Dividend on 12% Non Cumulative Redeemable Preference Shares	10.20	10.20
Tax on Preference Dividend	1.65	1.69
Surplus Balance carried to Balance Sheet	173.10	78.66

**PERFORMANCE REVIEW**

During the year under review, your Company earned the gross income of ₹106.81 Lakhs as against ₹ 75.15 Lakhs in the previous year. The total expenditure during the year under review was ₹ 80.41 Lakhs against ₹ 48.80 Lakhs in the previous year. The Net Profit after tax was ₹ 151.85 Lakhs as against ₹ 21.47 Lakhs in the previous year mainly due to recognition of deferred tax asset of ₹ 127.09 Lakhs on account of unabsorbed losses available for set off against future profit under income tax Act. Considering expectations of country's gradual improvement in effective demand and GDP growth rate coupled with upward movements in capital market, your directors expect better performance of the Company in the coming years.

**DIVIDEND**

In view of the inadequate profits, your Directors do not recommend any dividend on Equity Shares for the year under review. Your Directors recommend Dividend of ₹ 12/- per share on 12% Non Cumulative Redeemable Preference Shares of ₹100/- each.

**RBI GUIDELINES**

The Company has complied with all the applicable regulations of the Reserve Bank of India as on 31<sup>st</sup> March, 2011. The Company is in process of increasing the Networth of the Company as per the requirements of the Reserve Bank of India by way of divesting the shares of subsidiary Companies, for which the necessary permissions/ approvals have been taken from the respective regulatory authorities.

**RBI PRUDENTIAL NORMS**

Since the Company does not accept and hold any public deposits, Non-Banking Financial Companies Prudential Norms (Reserve Bank of India) Directions, 1998 are not applicable to the Company in regard to capital adequacy.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri I. C. Jain and Shri S. C. Aythora, the Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**AUDITORS**

M/s. Batliboi & Purohit, Chartered Accountants, Mumbai the Auditors of the Company holds the office until the conclusion of the ensuing Annual General Meeting, have expressed their unwillingness to be re-appointed due to their other professional commitments.

It is proposed to appoint M/s. K. S. Aiyar & Co., Chartered Accountants, Mumbai in place of the retiring Auditors. Your Company has received certificate u/s. 224(1B) of the Companies Act, 1956 from M/s. K. S. Aiyar & Co., Chartered Accountants to the effect that their appointment, if made, will be within the limit prescribed. Accordingly, the members approval is being sought to their appointment as Auditors of the Company at the ensuing Annual General Meeting and to authorise the Board of Directors to fix their remuneration for the financial year 2011-12.

**FIXED DEPOSITS**

The Company has neither invited, nor accepted, nor renewed any fixed deposit from the public during the year and there was no outstanding deposit payable during the financial year ended 31<sup>st</sup> March, 2011.

**SUBSIDIARY COMPANIES**

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are subsidiaries of the Company.

The Company is not attaching copies of the balance-sheet, profit and loss account, reports of the Board of Directors and the Auditors thereon, in respect of the subsidiaries as required under Section 212(1) of the Companies Act, 1956 ("the Act") to its accounts as per the dispensation available pursuant to the directions issued by the Ministry of Corporate Affairs vide general circular no. 2/2011. However, as required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the consolidated financial statements of the Company duly audited by the statutory auditors forms part of this Annual Report. The Company shall make available, the annual accounts and related information of its subsidiaries, to those shareholders who wish to have the copies of the same. Further, these documents shall be available for inspection by a shareholder at the registered office of the Company as well as of its subsidiaries on any working day, except Saturdays, between 11.00 a.m. to 3.00 p.m.

**CONSOLIDATED FINANCIAL STATEMENTS**

Pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchange, your Directors have pleasure in attaching the Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2011, prepared in accordance with the Accounting Standards 21 (AS 21) prescribed by the Institute of Chartered Accountants of India, in this regard.

**DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have 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 Financial Year 31<sup>st</sup> March, 2011 and of the profit of the Company for that period ;
3. The Directors have 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;
4. The Directors have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

The Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange. A separate section on Corporate Governance, along with a certificate from the Auditors for the compliance is annexed and forms part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

A report on the Management Discussion and Analysis for the financial year under review is annexed and forms part of this report.

**LISTING OF SHARES**

Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE). Annual listing fees upto the year 2011-12 has been paid to the Bombay Stock Exchange Limited (BSE). The Company complied with the delisting formalities in respect of the other stock exchanges and consequently the Equity Shares of the Company were delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneswar and Calcutta Stock exchanges are awaited.

**PARTICULARS OF EMPLOYEES**

Since there are no employees falling within the purview of the provisions of Section 217(2A) of the Companies Act, 1956, no such details are required to be given.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION**

Since the Company is a Financial Services Company, the details required under Section 217(1)(e) of the Companies Act, 1956 are not applicable.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

There was no earnings in foreign exchange nor was there any outflow during the year under review.

**INSURANCE**

The Company's fixed assets as well as current assets have been adequately insured.

**ACKNOWLEDGMENTS**

The Directors wish to place on record their appreciation of the contribution made by the executives and employees at all levels for their dedication and commitment to the Company throughout the year.

Your Directors also appreciate with gratitude the continuous support of the Bankers, Clients and the Company's Shareholders.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011

**(I. C. JAIN)**  
**CHAIRMAN**

**MANAGEMENT DISCUSSION & ANALYSIS**

**1. BUSINESS AND INDUSTRY REVIEW:-**

KJMC has been involved in providing fund based financial services and funding solutions to the Indian Corporates, Institutions, SME's etc. Your Company, along with its associates forms an integrated financial services group providing wide range of services to its clients. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization.

Indian economy has posted sound growth and the estimated economic growth at 8.75 % -9.25 % for the fiscal 2011-2012. Such growth momentum and the revival plan would bestow sufficient platform to financial services companies to enlarge their business level. Your Company is currently well poised to play a larger role in the growth story of the economy and optimize its performance by leveraging the investments that have been made in the past and which are likely to have positive impact on the bottom line of your Company in the coming years.

**2. FINANCIAL REVIEW**

During the year under review, your Company earned the gross income of ₹ 106.81 Lakhs against ₹ 75.15 Lakhs in the previous year. The total expenditure during the year under review was ₹ 80.41 Lakhs against ₹ 48.80 Lakhs in the previous year. The Net Profit after tax was ₹ 151.85 Lakhs against ₹ 21.47 Lakhs in the previous year mainly due to recognition of deferred tax asset of ₹ 127.09 Lakhs on account of unabsorbed losses available for set off against future profit under income tax Act. Considering expectations of country's gradual improvement in effective demand and GDP growth rate coupled with upward movements in capital market, your directors expect better performance of the Company in the coming years.

**3. BUSINESS OUTLOOK**

Your Company will increase its product base as far as raising resources and deploying them in safe and profitable manner. As far as Subsidiary Companies are concerned, your Company is working on plans to activate / expand them including looking for tie-ups / associations / joint ventures for fast-pacing the business plans.

**4. RISKS AND CONCERNS**

The Company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks, competition risk, interest rate volatility, human resource risk and execution risk, etc. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk practices. Being engaged in the business in a highly regulated industry; we are presented with risk containment measures in the very regulations. The company's business could potentially be affected by the following factors:-

- Impact of markets on our revenues and investments, sustainability of the business across cycles
- Sharp movement in prevailing interest rates in the market.
- Risk that a client will fail to deliver as per the terms of a contract with us or another party at the time of settlement.
- Risk due to uncertainty of a counterparty's ability to meet its financial obligations to us.
- Inability to conduct business and service clients in the event of a contingency such as a natural calamity breakdown of infrastructure, etc.

**5. OPPORTUNITIES AND THREATS**

Opportunities:

- Low retail penetration of financial services / products in India
- Tremendous brand strength
- Opportunity to cross sell services
- Increasing per-capita GDP
- Utilize technology to provide solutions to customers

Threats:

- Competition from established companies and new entrants
- Execution risk.
- Regulatory changes.
- Attraction and retention of human capital.
- Volatile environment

**6. ADEQUACY OF INTERNAL CONTROLS**

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly. The Company has an extensive system of internal control which ensures optimal utilisation and protection of resources, its security, accurate reporting of financial transactions and compliances of applicable laws and regulations as also internal policies and procedures.

**7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

Your Company continues to lay great stress on its most valuable resource - people. Continuous training, both on the job and in an academic setting, is a critical input to ensure that employees at all levels are fully equipped to deliver a wide variety of products and services to the rapidly growing customer base of your Company. It is our endeavour to create an environment where people can use all of their capabilities in support of the business. Therefore, your Company encourages its employees to balance their work and personal responsibilities.

**REPORT ON CORPORATE GOVERNANCE FOR THE F.Y. 2010-2011**

**PHILOSOPHY OF CORPORATE GOVERNANCE**

Your Company is committed to upholding the highest standards of Corporate Governance in its operations. The policies and practices are not only in line with the

statutory requirement, but also reflect your Company's commitment to operate in the best interest of its stake holders. The responsibility for maintaining high standards of governance lies with your Company's Board of Directors and various Committee of the Board, which are empowered to monitor implementation of the best Corporate Governance practices including making necessary disclosures within the framework of legal and regulatory provisions and Company conventions besides its employees. In this direction, your Company is committed to ensure that the Company's Board of Directors continued to be constituted as per the prescribed norms, meets regularly as per the prescribed frequency, provides effective leadership, exercises control over the management, monitors executive performance and makes appropriate disclosures. In addition, establishment of a framework of strategic control and continuous reviewing of its efficacy and establishment of clearly documented and transparent management processes for policy development, implementation and review, decision making, monitoring control and reporting are the other policy directives. Your Company provides free access to the Board of all relevant information, advices and resources to enable it to carry out its role effectively. In addition the Company has appointed Compliance / Nodal officer for matters relating to RBI & Companies Act, etc. Pursuant to Clause 49 of the Listing Agreement, your Company has complied fully with all the mandatory requirements of the Corporate Governance in all material aspects. As required by the Listing Agreement, a report on Corporate Governance is given below:

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Your Company is committed to bring about the good corporate governance practice. The Company has laid emphasis on cardinal values of fairness, transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, employees, the government and the lenders, thereby enhancing the shareholders' value and protecting the interest of shareholders. Your Company will constantly endeavour to improve on these aspects on an on going basis.

**2. BOARD OF DIRECTORS**

The Company has a Non – Executive Chairman and the number of Independent Directors is one half of the total number of Directors. The Directors have been contributing their diversified knowledge, experience and expertise in respective areas of their specialization for the growth of the Company. During the Financial Year 2010-2011, Five (5) Meetings of the Board of Directors were held on 27<sup>th</sup> May, 2010, 4<sup>th</sup> August, 2010, 25<sup>th</sup> September, 2010, 12<sup>th</sup> November, 2010 and 5<sup>th</sup> February, 2011.

The particulars of Directors as on 31<sup>st</sup> March, 2011 are as follows:

Sr. No.	Director	Category of Directorship	No. of BM Attended	Last AGM attended	No. of Other Directorships held	Committee Membership(s)	
						Chairman	Member
1.	Mr. I. C. Jain	Chairman / Non- Executive Director	5	Yes	9	1	3
2.	Mr. R. R. Kumar	Non-Executive & Independent Director	5	Yes	6	3	3
3	Mr. Girish Jain	Non-Executive Director	5	Yes	9	1	3
4.	Mr. Rajnesh Jain	Non-Executive Director	4	Yes	12	1	1
5.	Mr. S.C. Aythora	Non-Executive & Independent Director	2	No	15	4	3
6	Mr. Nitin Kulkarni	Non-Executive & Independent Director	5	Yes	1	-	5

None of the Directors hold directorship in more than 15 public limited companies, membership in committees of Board in more than 10 companies and chairmanship of committee of Board of more than 5 committees.

**Board Procedures**

The Agenda is circulated well in advance to the Board of Directors. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In additions to the information required under Annexure IA to clause 49 of the Listing Agreement, the Board is also kept informed of major events/ items and approvals taken wherever necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

**3. AUDIT COMMITTEE**

**(a) Terms of Reference:**

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, fixing the audit fees and also approving the payment for any other services, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, structure and staffing of the internal audit function, reviewing findings of the internal investigations, etc.

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The Committee met four times during the year on 27<sup>th</sup> May, 2010, 4<sup>th</sup> August, 2010, 12<sup>th</sup> November, 2010 and 5<sup>th</sup> February, 2011.



**(b) Composition:**

The Audit Committee consists of the following Directors:

Name of Director	Executive/Non- Executive / Independent	No. of meetings attended
Mr. I. C. Jain	Non Executive Director	4
Mr. S. C. Aythora	Chairman of the Committee and Independent Director	2
Mr. Nitin Kulkarni	Independent Director	4

**4. SUBSIDIARY COMPANIES**

The Company has the following subsidiary companies as on March 31, 2011:

- KJMC Asset Management Company Limited
- KJMC Investment Trust Company Limited

**5. REMUNERATION COMMITTEE:**
**(a) Terms of Reference:**

The Remuneration Committee was formed by the Board of Directors at their meeting held on July 7, 2007. The terms of the reference of the Committee is to review and recommend compensation payable to the Executive Directors and also to formulate and administer Employees Stock Option Scheme, including the review and grant of options to eligible employees under the scheme. The Committee also ensures the Compensation Policy of the Company and Performance Oriented Scheme for Senior Managers. The overall function of the Committee consists of the following:

- Assist the Board of Directors in ensuring that affordable, fair and effective compensation policies are implemented.
- Approve and make recommendations to the Board in respect of Directors' fees, Salary Structure and actual compensation (inclusive of Performance based incentives and benefits) of the Executive Director(s).
- Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees.
- Review and approve the change in terms and conditions of the ESOP.
- Review and approve the criteria for selection and appointment of Non-Executive Directors.

**(b) Composition:**

The Remuneration Committee consists of the following Directors:

Name of Director	Executive/Non-Executive/Independent
Mr. S. C. Aythora	Chairman of the Committee and Independent Director
Mr. R. R. Kumar	Independent Director
Mr. Girish Jain	Non-Executive Director

No Remuneration Committee Meeting was held during the year.

**6. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE**
**(a) Terms of Reference:**

The role and functions of the Share Transfer / Investor's Grievances Committee are the effective redressal of the Complaints of the Shareholders regarding dematerialization, transfer, non-receipt of balance sheet/dividend/interest etc. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

**(b) Composition:**

Pursuant to Clause 49 of the Listing Agreement, the Company is required to have Share Transfer / Investor Grievance Committee. Accordingly, the Board of Directors formed a Share Transfer / Investor Grievance Committee, consisting of following Directors:

- Mr. Girish Jain - Chairman
- Mr. Rajnesh Jain - Member
- Mr. Inderchand Jain - Member
- Mr. Nitin Kulkarni - Member

During the year, the Company received five complaints and all were resolved within the stipulated time to satisfaction of the shareholders / investors. As on 31<sup>st</sup> March, 2011, no transfer was pending. The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. The Committee held 16 meetings during the year and approved the transfer of shares lodged with the Company and attended the investor's queries & complaints.

**7. GENERAL BODY MEETINGS:**

The particulars of Annual General Meetings and Extra Ordinary General Meeting of the Company held in last three are as under:

Year	AGM/EGM	Location	Date	Time
2008	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	27/09/2008	3.30 P.M.
2009	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	26/09/2009	3.30 P.M.
2010	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	25/09/2010	3.30 P.M.

No Special Resolution was put through Postal Ballot last year nor proposed at the ensuing Annual General Meeting.

**8. CODE OF CONDUCT**

The code of conduct for the Directors and the Employees of the Company has been laid down by the Board and it is internally circulated and necessary declaration has been obtained.

**9. DISCLOSURES**

- None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with related parties have been disclosed in Schedule 16 to the Notes on Accounts in the Annual Report.
- There is no non compliance of any provision of law by the Company nor any penalty/ stricture imposed on the Company by Stock Exchange(s), SEBI or any other authority, on any matter related to Capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of the Corporate Governance.
- The Company do not have any Whistle Blower Policy. However, any employee would not be denied access to the Audit Committee.

**10. MEANS OF COMMUNICATION**

The Company publishes its quarterly, half yearly, financial results in national and regional newspapers. The Company also sends the financial results to the Stock Exchanges immediately after its approval by the Board. The Company has not sent half yearly report to the shareholders. No presentations were made to the Institutional Investor's or analysts during the year under review. The Management Discussions and Analysis (MD&A) Report is annexed and forms part of this Report.

**GENERAL SHAREHOLDER'S INFORMATION**
**1. Annual General Meeting scheduled to be held:**

- Date** : Saturday, 24<sup>th</sup> September, 2011
- Time** : 3.30 P.M.
- Venue** : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai – 400 020.

**2. Book Closure:**

Saturday, 17<sup>th</sup> September, 2011 to Saturday, 24<sup>th</sup> September, 2011 (both days inclusive).

**3. Dividend Payment Date**

Not applicable as no dividend was recommended/declared on Equity Shares. Preference dividend will be paid on 28<sup>th</sup> September, 2011.

**4. Financial Calendar (tentative):**

Financial Reporting for the Financial Year 2011-12	Tentative month of reporting
Un-audited Financial Results for the quarter ending 30 <sup>th</sup> June, 2011	On or before 14 <sup>th</sup> August, 2011
Un-audited Financial Results for the half year ending 30 <sup>th</sup> September, 2011	On or before 14 <sup>th</sup> November, 2011
Un-audited Financial Results for the quarter ending 31 <sup>st</sup> December, 2011	On before 14 <sup>th</sup> February, 2012
Audited Financial Results for the year ending 31 <sup>st</sup> March, 2012	30 <sup>th</sup> May, 2012

**5. Listing of Equity Shares on Stock Exchanges :**

- Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). Annual listing fees for the year 2011-12 has been paid to the Bombay Stock Exchange Limited, Mumbai.
- The Company complied with the delisting formalities with other stock exchanges and consequently the Company got its shares delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneshwar and Calcutta Stock exchanges are awaited.

**6. Stock Code:**

- Bombay Stock Exchange Limited, Mumbai (BSE): B – 530235
- ISIN - INE533C01018

**7. Stock Price Data:**

Month wise high and low price of the Company's Shares at Bombay Stock Exchange Limited (BSE) from April, 2010 to March, 2011.

Month	Bombay Stock Exchange Limited (BSE)	
	High (₹)	Low (₹)
April 2010	31.00	24.45
May 2010	24.80	22.00
June 2010	25.00	21.09
July 2010	26.25	24.50
August 2010	25.60	23.80
September 2010	25.00	23.50
October 2010	29.10	22.85
November 2010	28.00	25.90
December 2010	25.00	25.00
January 2011	No trading	No trading
February 2011	25.00	25.00
March 2011	26.25	24.75

**8. Compliance Officer:**

Mr. Rupesh Tawde, Company Secretary  
168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021.  
Ph: 022- 22885201, email: cosec@kjmc.com

**9. Address For Correspondence:**

Shareholders can correspond to:  
Secretarial Department: 168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai-400021.  
Or

**Bigshare Services Pvt. Ltd.**, E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400072, Tel.No.022-28470652/53, Fax No. 022-28475207, email id: [info@bigshareonline.com](mailto:info@bigshareonline.com).

Shareholders holding shares in electronic mode should address their Correspondence to their respective Depository Participants. The company also has designated email id: [investor.finance@kjmc.com](mailto:investor.finance@kjmc.com) where shareholders can correspond with the Company.

**10. Share Transfer System**

Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialisation of shares are processed by R&T Agent within 15 days.

**11. Dematerialisation of Shares**

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29<sup>th</sup> January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31<sup>st</sup> March 2011, out of total Equity Capital 31,35,740 Equity Shares, 28,20,109 Equity Shares representing 89.93 % of the total Equity Shares are held in dematerialised form with NSDL and CDSL. Transfer cum demat facility is available to all Shareholders of the Company, who request for such facility.

**12. Distribution of Shareholding as on 31st March, 2011**

Range in ₹	Number of Shareholders	% of Total Holders
Upto 5000	3710	96.72
5001 to 10000	43	1.12
10001 to 20000	23	0.60
20001 to 30000	6	0.16
30001 to 40000	8	0.21
40001 to 50000	10	0.26
50001 to 100000	9	0.23
100001 and above	27	0.70
<b>TOTAL.....</b>	<b>3,836</b>	<b>100.00</b>

**13. Shareholding Pattern as on 31<sup>st</sup> March, 2011**

Cat. Code	Category of Shareholder	Total No. of Shares held	% Share holding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	1581854	50.45
(b)	Central Govt. / State Govts.	0	0
(c)	Bodies Corporate	0	0
(d)	Financial Institutions / Banks	0	0
(e)	Any other	0	0
	<b>Sub Total – A(1)</b>	<b>1581854</b>	<b>50.45</b>
2	Foreign	0	0
(a)	Non Resident Individuals / Foreign Individuals	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Any other	0	0
	<b>Sub Total A(2)</b>	<b>0</b>	<b>0</b>
	Total Shareholding of Promoter Group	1581854	50.45
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	65400	2.09
(c)	Central Govt. / State Govt.	7050	0.22
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Any other	0	0
(h1)	NRI Banks	0	0
	<b>Sub Total B(1)</b>	<b>72450</b>	<b>2.31</b>

Cat. Code	Category of Shareholder	Total No. of Shares held	% Share holding
2	Non Institutions		
(a)	Bodies Corporate / Trust	617416	19.69
(b1)	Individuals-shareholders holding normal Share Capital up to ₹ 1 Lac	471666	15.04
(b2)	Individuals-shareholders holding normal Share Capital in excess of ₹ 1 Lac	391836	12.50
(c)	Any other	0	0
(c1)	NRI	518	0.01
(c2)	OCB's	0	0
	<b>Sub Total B(2)</b>	<b>1481436</b>	<b>47.24</b>
	<b>Total Public Shareholding B(1) + B(2)</b>	<b>1553886</b>	<b>49.55</b>
	<b>Total (A) + (B)</b>	<b>3135740</b>	<b>100.00</b>
C	Shares held by Custodians and against which Depository receipts have been issued	0	0
	<b>Grand Total</b>	<b>3135740</b>	<b>100.00</b>

**Note:** The total foreign shareholding as on 31<sup>st</sup> March, 2011, is 518 Equity shares, which in percentage terms is 0.016% of the issued and subscribed capital.

**OTHER INFORMATION**

**Code of conduct for Prevention of Insider Trading**

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the Company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The code is based on the principle that Directors, Officers and Employees of KJMC Financial Services Limited owe a fiduciary duty to, among others, the shareholders of the Company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the Company to enable them to take informed investment decision with regard to the Company's Securities.

**Declaration regarding affirmation and Compliance of Code of Conduct**

As required by Clause 49(I)(D) of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2011.

**FOR KJMC FINANCIAL SERVICES LIMITED**

**(I. C. JAIN)**  
**CHAIRMAN**

**CEO / CFO Certification**

The CFO i.e. Principal Officer & Vice President (Finance & Accounts) of the Company give annual certification on financial reporting and internal controls to the Board in terms of clause 49 of the Listing Agreement. The CFO i.e. Principal Officer & Vice President (Finance & Accounts ) also give quarterly certification on financial results while placing the financial results before the Audit Committee and Board.

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of KJMC Financial Services Limited**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by KJMC Financial Services Limited for the year ended on 31st March, 2011 as stipulated with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was conducted in the manner described in the Guidance on certification of corporate governance issued by the Institute of Chartered Accountants of India and 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 statement 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 abovementioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2011, no investor grievances are pending against the company as per the records maintained by the company and presented to the Investors / Shareholders Grievance Committee.

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

For **BATLIBOI & PUROHIT**  
Chartered Accountants  
FRN No.101048W

**R. D. Hangekar**  
Partner  
(Membership No. 30615)

Place : Mumbai  
Date : 27<sup>th</sup> May, 2011



**AUDITOR'S REPORT**

To the members of

**KJMC Financial Services Limited**

1. We have audited the attached Balance Sheet of **KJMC Financial Services Limited** ("the company") as at 31st March, 2011 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto (all together referred to as "the Financial Statements"). These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received by the Company from its Directors, none of the directors is disqualified as on the balance sheet date from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the financial statements read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg.No. 101048W

**R. D. Hangekar**  
Partner  
Membership No: 30615

Place : Mumbai  
Date : 27.05.2011

**Annexure to the Auditor's Report**

**(Referred to in paragraph 3 of our report of even date to the members of KJMC Financial Services Limited on the financial statements for the year ended on March 31, 2011)**

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) According to the information and explanations given to us, the management conducted physical verification of fixed assets as at the year end, and no material discrepancies were noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its business, the frequency of verification is reasonable.
- c) The Company has not disposed off any substantial part of fixed assets during the year, accordingly, the assumption of the going concern being affected, does not arise.
- ii) In our opinion, and on the basis of the records examined by us, and information and explanations given to us, the Company has maintained proper records of inventory.
- iii) a) The Company has granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The rate of interest and other terms and conditions are not prejudicial to the interest of the Company.
- c) The receipt of interest and principal is also regular.
- d) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) and (g) of clause (iii) of paragraph 4 of the said Order, are not applicable.

- iv) In our opinion, the Company has an adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion, and according to the information and explanations given to us, in respect of transactions during the year, made pursuant to contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five hundred thousand in respect of each party, except for certain transactions where there are no comparable transactions with other parties or where prevailing market prices are not available as the services are of specialized nature, transactions have been made at prices which are reasonable having regard to prevailing market prices.
- vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, or the rules framed there under, are applicable.
- vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 for any of the activities of the Company.
- ix) a) According to the information and explanations given to us, during the year under report, the Company was generally regular in depositing undisputed statutory dues including Provident fund, Income-tax, service-tax and other material statutory dues with the appropriate authorities .
- b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, and service tax, sales tax, customs duty, excise duty and cess which remained unpaid as at the balance sheet date for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, cess which have not been deposited on account of any dispute.
- x) The Company does not have any accumulated losses at the balance sheet date .The Company did not incur cash losses for the year under report, and in the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to banks. The Company did not have any loans from financial institutions and also did not have any debentures outstanding during the year under report.
- xii) According to the information and explanations given to us, during the year under report, the Company did not grant any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply; accordingly, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv) On the basis of our examination of books and records of the Company, and according to the information and explanations given to us, in our opinion, the Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares and securities entered into, in which entries were made on a timely basis. As at the balance sheet date the shares, securities and other investments were held in the Company's own name.
- xv) The Company has given guarantees for loans taken by others from banks or financial institutions and it is not prejudicial to the interest of the Company.
- xvi) The Company did not have any term loans outstanding during the year under report; accordingly, the provisions of clause (xvi) of paragraph 4 of the Order are not applicable.
- xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that prima facie, no funds raised on short term basis have been used for long-term investment.
- xviii) During the year under report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company did not have any debentures outstanding during the year under report; accordingly, the question of creating security in respect of debentures, does not arise.
- xx) The Company did not have any public issue; accordingly, the question of commenting on end-use of moneys raised, does not arise.
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
Firm Reg.No. 101048W

**R. D. Hangekar**  
Partner  
Membership No: 30615

Place : Mumbai  
Date : 27.05.2011

**BALANCE SHEET AS ON 31ST MARCH, 2011**

Particulars	Schedules	As on 31.03.2011 (₹)	As on 31.03.2010 (₹)
<b>SOURCES OF FUNDS :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Capital	1	39,857,400	39,857,400
(b) Reserves and Surplus	2	79,085,127	65,085,446
<b>(2) Loan Funds</b>			
Secured Loans	3	9,236,202	16,358,072
<b>TOTAL</b>		<b>128,178,729</b>	<b>121,300,918</b>
<b>APPLICATION OF FUNDS:</b>			
<b>(1) Fixed Assets</b>			
a) Gross Block	4	20,251,351	20,200,169
b) Less: Depreciation		14,149,525	13,592,631
c) Net Block		<b>6,101,826</b>	<b>6,607,538</b>
<b>(2) Investments</b>			
	5	193,090,098	202,792,306
<b>(3) Deferred Tax Asset</b>			
		12,708,750	-
<b>(4) Current assets , loans and advances</b>			
a) Sundry Debtors	6	-	450,000
b) Cash and Bank Balances	7	10,413,513	1,095,769
c) Loans and advances	8	5,559,776	21,225,200
		<b>15,973,289</b>	<b>22,770,969</b>
<b>Less : Current Liabilities and Provisions</b>			
a) Liabilities	9	98,366,984	110,397,895
b) Provisions	10	1,328,250	472,000
		<b>99,695,234</b>	<b>110,869,895</b>
<b>Net Current Assets</b>		(83,721,945)	(88,098,926)
<b>TOTAL</b>		<b>128,178,729</b>	<b>121,300,918</b>
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES FORMING PART OF THE ACCOUNTS	16		

As per our report of even date attached

For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**Chartered Accountants  
FRN No.101048W**R. D. HANGEKAR**  
Partner  
Membership No.30615**I. C. JAIN**  
Chairman**GIRISH JAIN**  
Director**RUPESH TAWDE**  
Company SecretaryPlace : Mumbai  
Date : 27th May, 2011Place : Mumbai  
Date : 27th May, 2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	Schedules	For the year ended 31.03.2011 (₹)	For the year ended 31.03.2010 (₹)
<b>INCOME:</b>			
Professional Fees and Other Income [TDS ₹ 76000/- (₹ 76000/-)]	11	1,140,730	2,773,132
Interest Income [TDS ₹ 248600/- (₹ 180000/-)]		3,123,131	1,724,776
Profit on Sale of Investments		6,416,937	2,936,078
Trading Profit on shares		-	81,369
Total (A)		<b>10,680,798</b>	<b>7,515,355</b>
<b>EXPENDITURE :</b>			
Opening Stock		-	3
Salaries and Allowances	12	986,359	1,438,357
Operating and Other Administration Expenses	13	1,636,722	1,641,516
Financial Charges	14	2,068,090	578,645
Investments written off		-	584,318
Trading loss on shares		15,022	-
Amounts written off		2,777,511	-
Total (B)		<b>7,483,704</b>	<b>4,242,839</b>
<b>Profit before depreciation and Tax (A-B)</b>		<b>3,197,094</b>	<b>3,272,516</b>
Depreciation		556,894	637,229
<b>Profit before Taxation</b>		<b>2,640,200</b>	<b>2,635,287</b>
Provision for Taxation — Current Tax		(850,000)	(472,000)
— Deferred Tax		12,708,750	-
— MAT Credit		686,201	-
— Prior Year Taxes		-	(16,497)
<b>Profit after Taxation</b>		<b>15,185,151</b>	<b>2,146,790</b>
Add : Prior Period Income / (Expenses)		-	(4,176)
Add : Surplus as per last account		7,865,668	7,556,500
		<b>23,050,819</b>	<b>9,699,114</b>
<b>Appropriations :</b>			
Special Reserve		3,037,030	429,358
General Reserve		1,518,515	214,679
Redeemable Preference shares- Dividend		1,020,000	1,020,000
Tax on Dividend		165,470	169,409
<b>Surplus - Balance Carried to Balance Sheet</b>		<b>17,309,804</b>	<b>7,865,668</b>
<b>EARNING PER EQUITY SHARE (Clause 8 Schedule 16)</b>			
(a) Basic (₹)		4.46	0.31
(b) Diluted (₹)		4.46	0.31
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES FORMING PART OF THE ACCOUNTS	16		

As per our report of even date attached

For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**Chartered Accountants  
FRN No.101048W**R. D. HANGEKAR**  
Partner  
Membership No.30615**I. C. JAIN**  
Chairman**GIRISH JAIN**  
Director**RUPESH TAWDE**  
Company SecretaryPlace : Mumbai  
Date : 27th May, 2011Place : Mumbai  
Date : 27th May, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	March 31, 2011	March 31, 2010
	Amount (₹)	Amount (₹)
<b>A Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	2,640,200	2,635,287
Adjustment for:		
Prior Period Item	-	(20,673)
Depreciation	556,894	637,229
(Profit)/Loss on Sale of Investments	-	-
(Profit)/Loss on Sale of Assets	-	-
Diminution in Value of Investments	-	-
Bad Debts Written Off	-	-
Sundry Credit Balances Written Back	-	-
Interest and Financial Charges	2,068,090	578,645
Interest Income	(3,123,131)	(1,724,776)
Dividend Income	(327,693)	(263,032)
Deffered Tax Liability	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>1,814,360</b>	<b>1,842,680</b>
Adjustment for:		
Trade and Other Receivable	450,000	8,120,160
Inventories	-	3
Trade Payable and Other Liabilities	(12,360,131)	23,936,703
<b>(Increase)/ Decrease in Net Current Assets</b>	<b>(11,910,131)</b>	<b>32,056,866</b>
<b>Cash generated from Operations</b>	<b>(10,095,771)</b>	<b>33,899,547</b>
Direct Taxes Paid (Net of Refund)	(850,000)	(198,350)
<b>Cash Flow Before Extraordinary Items</b>	<b>(10,945,771)</b>	<b>33,701,197</b>
Extraordinary Items	-	-
<b>Net Cash flow from Operating Activities</b>	<b>(10,945,771)</b>	<b>33,701,197</b>
<b>B Cash Flow from Investment Activities</b>		
(Increase) / Decrease in Investment	9,702,208	563,839
Investment in Associate Company	-	-
Purchase of Fixed Assets	(51,182)	(35,000)
Sale of Fixed Assets	-	-
Interest Income	3,123,131	1,724,776
Dividend Income	327,693	263,032
<b>Net Cash Flow from Investing Activities</b>	<b>13,101,850</b>	<b>2,516,647</b>
<b>C Cash Flow From Financing Activities</b>		
Loan Taken-Secured (Net of repayments)	(7,121,872)	13,870,786
Loan Taken-Unsecured (Net of repayments)	-	(33,203,381)
Loans Given	9,038,344	(10,220,168)
Loans Given to Subsidiaries	-	-
Deposits	7,313,282	(7,298,812)
Adjustment for transfer from advances to Bank balance	-	-
Accumulated Lease adjustment	-	-
Interest and Finance Charges	(2,068,090)	(578,645)
Increase in Share Capital	-	763,000
Increase in Share Premium	-	1,006,397
Issue of Share warrants	-	(177,016)
Dividend tax paid	-	-
Interim dividend on cumulative preference shares paid	-	-
Dividend Paid	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>7,161,664</b>	<b>(35,837,840)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>9,317,744</b>	<b>380,005</b>
Cash and Cash Equivalents at the beginning of the Year	1,095,769	715,764
Cash and Cash Equivalents at the close of the Year	10,413,513	1,095,769

**Note:-**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached

**For BATLIBOI & PUROHIT**  
Chartered Accountants  
FRN No.101048W

For and on behalf of the Board of Directors

**R. D. HANGEKAR**  
Partner  
Membership No.30615  
Place : Mumbai  
Date : 27th May, 2011

**I. C. JAIN**  
Chairman

**GIRISH JAIN**  
Director

**RUPESH TAWDE**  
Company Secretary

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
3,50,00,000 (3,50,00,000) Equity Shares of ₹ 10/- each	350,000,000	350,000,000
15,00,000 (15,00,000) Redeemable Preference shares of ₹ 100/- each	150,000,000	150,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
31,35,740 (31,35,740) Equity Shares of ₹ 10/- each fully paid up (Out of which 1,173,880 Equity Shares were issued as Bonus shares by capitalisation of General Reserve and Share Premium)	31,357,400	31,357,400
85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/-each, redeemable after the expiry of one year but before the expiry of 20 years from the date of allotment.	8,500,000	8,500,000
	<b>39,857,400</b>	<b>39,857,400</b>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last balance sheet	4,160,062	3,153,665
Add : Received During the year	-	1,006,397
	<b>A 4,160,062</b>	<b>4,160,062</b>
<b>General Reserve :</b>		
As per last balance sheet	476,739	262,060
Add : Addition / (Deduction) during the year	1,518,515	214,679
	<b>B 1,995,254</b>	<b>476,739</b>
<b>Capital Redemption Reserve :</b>		
As per last balance sheet	49,900,000	49,900,000
	<b>C 49,900,000</b>	<b>49,900,000</b>
<b>Special Reserve</b>		
As per last balance sheet	2,682,977	2,253,619
Add : Addition / (Deduction) during the year	3,037,030	429,358
	<b>D 5,720,007</b>	<b>2,682,977</b>
<b>Profit and Loss account balance</b>	<b>E 17,309,804</b>	<b>7,865,668</b>
	<b>(A+B+C+D+E) 79,085,127</b>	<b>65,085,446</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
<b>From a Bank</b>		
<b>Cash credit facility with Bank</b>	-	10,016,684
(secured by equitable mortgage of premises belonging to company and an Associate Company and corporate guarantee provided by the Associate Company)		
<b>From Others</b>		
Loan against pledge of shares	9,236,202	6,114,758
(Due within 12 months ₹ 9,236,202/- (₹ 6,114,758/- )		
Loan against vehicles by way of Hypothecation	-	226,630
[Due within 12 months ₹ Nil (₹ 226,630/-)]		
	<b>9,236,202</b>	<b>16,358,072</b>



**SCHEDULE - 4  
FIXED ASSETS:**

PARTICULARS	Rate of Depn.	GROSS BLOCK (At Cost)			DEPRECIATION				NET BLOCK		
		AS AT 01-04-2010	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31-03-2011	AS AT 01-04-2010	FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UPTO 31-03-2011	AS AT 31-03-2011	AS AT 31-03-2010
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>OWNED ASSETS :</b>											
Building	5.00%	10,848,873	-	-	10,848,873	5,821,099	251,389	-	6,072,488	4,776,385	5,027,774
Furniture & Fixtures	18.10%	6,450,973	-	-	6,450,973	5,798,929	118,020	-	5,916,949	534,024	652,044
Office Equipments	13.91%	1,523,352	15,250	-	1,538,602	1,306,269	31,646	-	1,337,915	200,687	217,083
Electrical Fittings	13.91%	578,301	-	-	578,301	291,861	39,844	-	331,705	246,596	286,440
Computers	40.00%	9,975	-	-	9,975	8,682	517	-	9,199	776	1,293
Vehicles	25.89%	788,695	-	-	788,695	365,791	109,490	-	475,281	313,414	422,904
Intangible assets											
(Computer Software)	33.33%	-	35,932	-	35,932	-	5,988	-	5,988	29,944	-
<b>Total</b>		<b>20,200,169</b>	<b>51,182</b>	<b>-</b>	<b>20,251,351</b>	<b>13,592,631</b>	<b>556,894</b>	<b>-</b>	<b>14,149,525</b>	<b>6,101,826</b>	<b>6,607,538</b>
Previous Year		20,165,170	35,000	-	20,200,169	12,955,403	637,229	-	13,592,631	6,607,538	-

**SCHEDULE : 5  
INVESTMENTS :**

Sr. No.	Particulars	As at 31st March 2011			As at 31st March 2010	
		Face Value per share ₹	Quantity Nos.	Amount ₹	Quantity Nos.	Amount ₹
	<b>Long term trade investments</b>					
	<b>Equity shares - Quoted</b>					
1	Akzo Nobel India Limited	10	700	618,819	-	-
2	Bajaj Corp Limited	1	5,800	4,302,992	-	-
3	Coal India Limited	10	11,000	2,925,582	-	-
4	Country Club (India) Limited	2	20,000	423,216	-	-
5	Bank of Rajasthan Limited	10	-	-	1,200	180,301
6	Binani Cement Limited	10	-	-	13,000	1,279,278
7	DQ Entertainment (International) Limited	10	5,741	731,547	5,741	731,547
8	Dredging Corporation Of India Limited	10	1,800	1,715,209	1,800	1,715,209
9	Everest Kanto Cylinder Limited	2	2,000	343,752	2,000	343,752
10	Gayatri Projects Limited.	10	-	-	700	250,350
11	Glenmark Pharmaceuticals Limited	1	1,000	417,245	1,000	417,245
12	Gujarat State Petronet Limited	10	-	-	15,000	1,605,172
13	HBL Power Systems Limited	1	29,750	1,148,611	22,250	909,361
14	Himachal Futuristic Comm. Limited	1	10,000	425,300	10,000	425,300
15	Hindustan Copper Limited	5	4	2,581	2,000	1,290,429
16	Hotline Glass Limited	10	37,549	-	37,549	-
17	IBN 18 Broadcast Limited	2	-	-	5,000	625,418
18	IDBI Bank Limited	10	200	39,162	-	-
19	ICICI Bank Limited	10	1,000	1,368,665	1,000	1,368,665
20	Indiabulls Financial Services Limited	2	-	-	11,500	5,347,505
21	Indiabulls Real Estate Limited	2	2,000	1,443,212	2,000	1,443,212
22	Larsen & Toubro Limited	2	-	-	600	946,858
23	NHPC Limited.	10	76,963	3,421,604	76,963	3,421,604
24	Net Work 18 Media & Investment Limited	5	-	-	5,000	799,709
25	Net Worth Stock Broking Limited	10	-	-	7,500	426,324
26	Nutek India Limited	5	-	-	49,350	2,181,457
27	Manugraph India Limited	2	-	-	3,000	574,127
28	Om Metals Infraprojects Limited	1	5,000	425,597	5,000	425,597
29	Parshvnath Developers Limited	5	-	-	900	134,917
30	Power Grid Corporation Of india Limited	10	-	-	5,000	574,494
31	Premier Explosives Limited	10	-	-	3,305	152,265
32	Ramsarup Industries Limited	10	-	-	6,320	551,224
33	Reliance Infrastructure Limited	10	1,150	1,624,622	1,150	1,624,622
34	Reliance Industrial Infrastructure Limited	10	300	668,598	300	668,598
35	Reliance Industries Limited	10	418	634,317	418	634,317
36	Shree Ram Urban Infrastructure Limited	10	5,000	976,400	-	-
37	Shree Vindhya Paper Mills Limited	10	1	104	33,640	3,487,870
38	Singer India Limited	10	3,400	247,160	3,400	247,160
39	Srei Infrastructure Finance Limited	10	18,000	832,664	7,500	624,418
40	Uflex Limited.	10	1,000	111,890	-	-
41	Vikas Wsp Limited	1	10,500	345,769	-	-
42	VST Industries Limited.	10	700	357,979	-	-
	<b>Sub Total (A)</b>			<b>25,552,597</b>		<b>35,408,305</b>
	<b>Equity shares - Unquoted : (Non Trade)</b>					
	<b>(A) In Subsidiaries</b>					
1	KJMC Asset Management Co.Limited	10	10,250,000	113,262,500	10,250,000	113,262,500
2	KJMC Investment Trust Co.Limited	10	150,000	1,500,000	150,000	1,500,000
	<b>Sub Total (B)</b>			<b>114,762,500</b>		<b>114,762,500</b>
	<b>(B) In other companies</b>					
1	KJMC Capital Market Services Limited	10	5,000,000	50,000,000	5,000,000	50,000,000
2	KJMC Credit Marketing Limited	10	-	-	25,000	250,000
3	KJMC Commodities Market India Limited	10	202,500	2,025,000	157,500	1,575,000
4	DR. Modi's Karjat Health Resort Limited	10	50,000	750,000	50,000	750,000
5	Prime Pictures Limited	10	25,000	1	25,000	1
	<b>Sub Total (C)</b>			<b>52,775,001</b>		<b>52,575,001</b>
	<b>Total (A+B+C)</b>			<b>193,090,098</b>		<b>202,745,806</b>
	<b>Share Application Money</b>			-		<b>46,500</b>
	<b>Total in Investments</b>			<b>193,090,098</b>		<b>202,792,306</b>
	<b>Abstract</b>					
	<b>Aggregate Amount of Quoted Investment</b>			<b>25,552,597</b>		<b>35,408,305</b>
	<b>Aggregate market Value Quoted Investment</b>			<b>16,064,231</b>		<b>19,999,414</b>
	<b>Aggregate Amount of unquoted Investment</b>			<b>167,537,501</b>		<b>167,337,501</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE - 6</b>		
<b>SUNDRY DEBTORS</b>		
Sundry debtors (unsecured and considered good)	-	-
Debts Outstanding for more than 6 months	-	-
Less than 6 months	-	450,000
	<u>-</u>	<u>450,000</u>
<b>SCHEDULE - 7</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	89,828	215,937
Balance with scheduled banks in current accounts	10,323,685	879,832
	<u>10,413,513</u>	<u>1,095,769</u>
<b>SCHEDULE - 8</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good)</b>		
Loans	2,500,000	10,528,540
Advances recoverable in cash or kind for value to be received	2,770,559	3,094,161
Deposits	289,217	7,602,499
	<u>5,559,776</u>	<u>21,225,200</u>
<b>SCHEDULE - 9</b>		
<b>CURRENT LIABILITIES</b>		
Security deposits	97,000,000	94,600,000
Advances from customers	-	14,250,000
Other liabilities	1,333,817	1,463,228
Provision for Expenses	33,167	84,667
	<u>98,366,984</u>	<u>110,397,895</u>
<b>SCHEDULE - 10</b>		
<b>PROVISIONS</b>		
Provision for Income tax	1,322,000	472,000
Provision on Assets	6,250	-
	<u>1,328,250</u>	<u>472,000</u>
<b>SCHEDULE - 11</b>		
<b>PROFESSIONAL FEES &amp; OTHER INCOME</b>		
Other Income (TDS ₹ 76000/- (₹ 76000/-)	813,037	2,510,100
Dividend	327,693	263,032
	<u>1,140,730</u>	<u>2,773,132</u>
<b>SCHEDULE - 12</b>		
<b>SALARIES AND ALLOWANCES</b>		
Salaries, Bonus , LTA	921,293	1,375,376
Staff Welfare, PF and ESIC	65,066	62,981
	<u>986,359</u>	<u>1,438,357</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE - 13</b>		
<b><u>OPERATING AND ADMINISTRATION EXPENSES</u></b>		
Advertisement expenses	119,331	74,595
Audit committee fees	6,000	8,000
Auditors remuneration	66,731	46,878
Board meeting fees	24,000	30,000
Business promotion expenses	26,634	111,415
Conveyance Expenses	49,805	172,611
Insurance Charges	13,953	12,773
Legal and Other Expenses	111,866	22,792
Listing Fees	11,030	121,430
Medical Expenses	19,773	17,186
Miscellaneous Expenses	205,814	137,119
Motor Car Expenses	34,160	12,606
Postage and Mailing Charges	42,447	38,219
Printing and Stationery	46,875	42,878
Professional and Legal Fees	498,138	389,937
Provision on Standard Assets	6,250	-
Registrar and Transfer Charges	23,893	24,786
Repairs and Maintenance		
- Building	20,190	73,745
- Others	23,094	20,912
Securities Transaction Tax	69,693	79,154
Stamping Charges	-	53,039
Subscription and Membership	70,983	12,500
Telephone	103,420	79,811
Tour and Travelling	42,642	59,130
	<b><u>1,636,722</u></b>	<b><u>1,641,516</u></b>
<b>SCHEDULE - 14</b>		
<b><u>FINANCIAL CHARGES</u></b>		
Interest	1,951,989	495,790
Bank Charge and Commission	116,101	82,855
	<b><u>2,068,090</u></b>	<b><u>578,645</u></b>

**SCHEDULE – 15****SIGNIFICANT ACCOUNTING POLICIES:****1. Accounting System:**

The accounting financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 in material respect and to the extent applicable.

**2. Use of estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialise.

**3. Investments**

**Current trade investments:** Current investments are valued at the lower of cost arrived on weighted average basis and market value.

**Long term trade investments:** Long term Investments are valued at cost. For long term investments, provision for diminution in value is made wherever there is a permanent reduction in market price.

As certified by the Management, all investments are intended to be held for a period of more than one year from the date on which such investments are made. Accordingly all investments are long-term investments and are valued at cost. The cost is determined on Weighted Average Method basis.

**4. Fixed Assets and depreciation**

Fixed Assets are stated at cost of acquisition less depreciation. Depreciation is provided under the written down value method, at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.

Software purchased for internal use, being an intangible asset as per AS-26 issued by Institute of Chartered Accountants of India, is amortized systematically on straight line basis over its useful life of 3 years.

**5. Taxation**

(i) Provision for Taxation is made on the basis of the Taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961.

(ii) Deferred Tax resulting from “timing difference” between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a certainty that the asset will be adjusted in future.

**6. Revenue Recognition:**

Revenue is being recognized as and when there is reasonable certainty of its ultimate realization and on completion of the assignment.

## a) Professional Fees:

Professional Fees and consultancy charges are accounted for on accrual basis.

## b) Income from Brokerage and other operations:

Income from Brokerage and other operations, which comprises of interest on loans and inter- corporate deposits, are accounted for on accrual basis.

## c) Non Performing Assets

Income is not recognised in respect of Non Performing Assets, if any, as per guidelines for prudential norms prescribed by Reserve bank of India (RBI).

## d) Dividend:

Dividend Income is recognized when the right to receive is established.

**7. Foreign Currency Transactions**

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions. Any profit or loss on account of exchange difference on transaction is recognized as profit or loss, as the case may be, for the year.

**8. Derivative Transactions:**

As at the balance sheet date the profit/loss on open position in derivatives are accounted as follows:

- Credit balance in the “Mark to Market Margin – Derivatives”, being anticipated profit, ignored and no credit is taken in the profit and loss account.



- Debit balance in the "Mark to Market Margin – Derivatives", being anticipated loss, is recognized in the profit and loss account.

**9. Stock in Trade:**

Stocks of shares are valued at the lower of cost arrived on weighted average basis or market price.

**10. Employee Benefits:**

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) The company is exempted from Payment of Gratuity Act, 1972 in view of it's strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.

**11. Treatment of Contingent Liabilities:**

Contingent liabilities not provided for are disclosed by way of notes to accounts.

**SCHEDULE – 16**

**NOTES FORMING PART OF ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:

Corporate Guarantees given to:

- i) HDFC Bank for ₹ 300 Lacs (₹ 300 Lacs )
- ii) Corporation Bank for ₹ 200 Lacs (₹ 200 Lacs )  
in respect of KJMC Capital Market Services Limited.

2. The Company has not received any information from its vendor regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

3. Auditors Remuneration includes payments in respect of:

Amount in (₹)

	Particulars	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
a)	Audit Fees	35,848	35,848
b)	Tax Audit Fees	11,030	11,030
c)	Other Services	19,853	-
	<b>Total</b>	<b>66,731</b>	<b>46,878</b>

4. The Tax effects on significant timing (temporary) differences that resulted in deferred tax assets and liabilities and description of major components of the financial statement items that create these differences are as follows:

Amount in (₹)

Particulars	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
Fixed Assets	(882,983)	-
Business Loss	2,124,693	-
Long Term Capital Loss	11,467,040	-
<b>Deffered tax Asset/(liability)-Net</b>	<b>12,708,750</b>	<b>-</b>

5. Provision for Income Tax has been made in accordance with section 115JB of Income Tax Act, 1961. However, Management expects that it would be in a position to pay normal tax within the period specified under the Income Tax Act 1961 and hence MAT Credit has been recognized.

6. Earnings in Foreign Currency - ₹ Nil (₹ Nil).

Expenditure in Foreign Currency – ₹ Nil (₹ Nil).

7. Managerial remuneration included in the Profit & Loss Account ₹ Nil (₹ Nil).

8. Earnings Per Share:

Particulars	For the Year ended 31 <sup>st</sup> March, 2011	For the Year ended 31 <sup>st</sup> March, 2010
Net Profit / (Loss) after Taxation (₹)	15,185,151	2,146,790
No. of Shares	3,135,740	3,135,740
Face Value (₹)	10	10
Earnings Per Share (Basic) (₹)	4.46	0.31
Earnings Per Share (Diluted) (₹)	4.46	0.31

## 9. Related party disclosures under Accounting Standard 18

List of related parties

## 1) Parties where control exists

## a) Wholly owned subsidiary Companies

KJMC Asset Management Company Limited

KJMC Investment Trust Company Limited

## 2) Other parties with whom the company has entered into transactions during the year

## a) Associates

KJMC Global Market (India) Limited

KJMC Shares and Securities Limited

KJMC Capital Market Services Limited

KJMC Credit Marketing Limited

KJMC Commodities Market India Limited

## b) Key Management Personnel

Mr. Girish Jain

## c) Enterprises over which key management personnel is able to exercise significant influence :

Puja Impex Private Limited

Related Party Transactions : -

(₹ in Lacs)

Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Key Management Personnel		Enterprises over which key management personnel is able to exercise significant influence	
		March 2011	March 2010	March 2011	March 2010	March 2011	March 2010	March 2011	March 2010
1	Advance against expenses	-	-	-	54.91	-	-	-	-
2	Loans and Advances given / Repaid	-	-	348.70	-	-	-	-	104.50
3	Loans and Advances Received	100.00	-	75.00	-	-	-	104.50	-
4	Sale of Shares / Received	-	-	-	-	-	-	-	-
5	Investment in shares	-	-	-	7.50	-	-	-	-
6	Deposit Received	-	-	120.00	-	-	-	-	-
7	Remuneration	-	-	-	-	-	-	-	-
8	Issue of Warrants	-	-	-	-	-	-	-	-
<b>Outstanding as at year end</b>									
1	Net Receivables	-	-	-	64.80	-	-	-	104.50
2	Net Payables	750.00	650.00	220.00	438.50	-	-	-	-

## 10. Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ In Lacs)

Particulars		Amount outstanding	Amount overdue
1	<b>Liabilities side :</b>		
	<b>Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	NIL	NIL
	Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
(c) Term Loans	NIL	NIL	



		(₹ In Lacs)	
Particulars		Amount outstanding	Amount overdue
	(d) Inter-corporate loans and borrowing	NIL	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)		
	Secured Loans against shares	92.36	-
	Loans against HP of vehicles	-	-
	(b) Loans other than (a) above	-	-
<b>Asset Side :</b>			<b>Amount outstanding</b>
<b>2</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		<b>(₹ in Lacs)</b>
	(a) Secured		NIL
	(b) Unsecured		55.60
<b>3</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		
	(b) Operating lease		
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire		
	(b) Repossessed Assets		
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above		NIL

**Break-up of Investments :**

(₹ in Lacs)

**Current Investments :**

1. Quoted :		-
(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
2. Un Quoted :		
(i) Shares :	(a) Equity	-
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

**Long Term Investments :**

1. Quoted :		
(i) Shares :	(a) Equity	255.52
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

2. Un Quoted :		
(i) Shares :	(a) Equity	1675.38
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

Borrower group-wise classification of assets financed as in (2) and (3) above :	Amount Net of Provision		
	Secured	Unsecured	Total
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	-	-
<b>Total</b>	-	-	-
<b>Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted):</b>	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties			
(a) Subsidiaries	1147.63	1147.63	
(b) Companies in the same group	520.25	520.25	
(c) Other related parties	-	-	
2. Other than related parties	168.14	263.02	
<b>Total</b>	1836.02	1930.90	

Other information	
Particulars	Amount
<b>Gross Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	-
<b>Non-Performing Assets</b>	
(a) Related parties	-
(b) Other than related parties	-
Assets acquired in satisfaction of debt	NIL

11. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.

12. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets.

As per our report of even date attached

For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**

Chartered Accountants  
FRN No.101048W

**R. D. HANGEKAR**  
Partner  
Membership No.30615

**I. C. JAIN**  
Chairman

**GIRISH JAIN**  
Director

**RUPESH TAWDE**  
Company Secretary

Place : Mumbai  
Date : 27th May, 2011

Place : Mumbai  
Date : 27th May, 2011



## Information pursuant to Part IV of schedule VI of the Companies Act, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :****I Registration Details**

Registration No.	L99999MH1988PLC047873	State Code	11
Balance Sheet Date	31.03.2011		

**II Capital raised during the year (Amount in ₹ Thousands)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**

Total Liabilities	128,179	Total Assets	128,179
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**Sources of Funds**

Paid up Capital	39,858
Reserves & Surplus	79,085
Secured Loan	9,236
Unsecured Loan	-
Deferred tax liability (Net)	-

**Application of Funds**

Net Fixed Assets	6,102
Investments	193,090
Net Current Assets	(83,721)
Deferred Tax Asset	12,708
Accumulated Losses	-

**IV Performance of Company (Amount in ₹ Thousands)**

Turnover	10,681	Total expenses	8,041
Profit / (loss) before tax	2,640	Profit / (loss) after tax	15,185
Earning per share in (₹)	4.46	Dividend rate	N A

**V Generic names of three Principal Products / Services of company (as per monetary terms)**

Item Code No. (ITC Code)	N A
Product Description :	Finance and related activities

For and on behalf of the Board of Directors

Place : Mumbai	<b>I. C. JAIN</b> Chairman	<b>GIRISH JAIN</b> Director	<b>RUPESH TAWDE</b> Company Secretary
Date : 27th May, 2011			

**FINANCIAL INFORMATION OF THE SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

(₹ in lacs)

Particulars	Name of the Subsidiary	
	KJMC Asset Management Company Limited	KJMC Investment Trust Company Limited
Paid up capital	1025.00	15.00
Reserves	-	-
Total Assets including investments	1025.24	17.58
Investments	15.44	13.60
Total Liabilities (Excluding Paid up Capital & Reserves)	0.24	2.58
Turnover	1.18	0.70
Profit/(Loss) before Tax	(9.52)	(0.27)
Provision for taxation	-	-
Profit/ (loss) after Tax	(9.52)	(0.27)
Dividend Proposed	-	-



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors,

**KJMC FINANCIAL SERVICES LIMITED**

1. We have examined the attached consolidated Balance Sheet of KJMC Financial Services Limited and its subsidiaries (collectively, 'the group') as at March 31, 2011, and the consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements prepared are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of ₹ 15.00 lakhs as at 31st March, 2011, total loss for the year ₹ 27,157/-. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 (AS-21) 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KJMC Financial Services Limited and its subsidiaries included in the Consolidated Financial Statements.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of KJMC Financial Services Limited and its subsidiaries together with the Significant Accounting Policies and other notes in consolidation appearing in Schedule 16, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of KJMC Financial Services Limited and its subsidiaries as at 31st March 2011,
  - b) In the case of the Consolidated Profit & Loss account, of the Consolidated results of operations of the KJMC Financial Services Limited and its subsidiaries for the year then ended and
  - c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flow of KJMC Financial Services Limited & its subsidiaries for the year then ended.

For BATLIBOI & PUROHIT

Chartered Accountants

Firm Reg.No. 101048W

R. D. Hangekar

Partner

Membership No: 30615

Place : Mumbai

Date : 27.05.2011

Particulars	Schedules	CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2011	
		As on 31.03.2011 (₹)	As on 31.03.2010 (₹)

**SOURCES OF FUNDS :**

(1) **Shareholders' Funds**

(a) Capital	1	39,857,400	39,857,400
(b) Reserves and Surplus	2	78,023,199	65,021,136

(2) **Loan Funds**

Secured Loans	3	9,236,202	16,358,072
<b>TOTAL</b>		<b>127,116,801</b>	<b>121,236,608</b>

**APPLICATION OF FUNDS:**

(1) **Fixed Assets**

a) Gross Block	4	20,251,351	20,200,169
b) Less: Depreciation		14,149,525	13,592,631
c) Net Block		<b>6,101,826</b>	<b>6,607,538</b>

(2) **Goodwill**

		10,762,500	10,762,500
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(3) **Investments**

	5	81,231,806	99,560,821
--	---	------------	------------

(4) **Deferred Tax Asset**

		12,708,750	-
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(5) **Current assets, Loans and advances**

a) Sundry debtors	6	-	450,000
b) Cash and bank balances	7	10,695,563	7,792,839
c) Loans and advances	8	105,593,745	107,261,413
		<b>116,289,308</b>	<b>115,504,252</b>

**Less : Current Liabilities and Provisions**

a) Liabilities	9	98,649,139	110,624,886
b) Provisions	10	1,328,250	573,617
		<b>99,977,389</b>	<b>111,198,503</b>

**Net Current Assets**

<b>TOTAL</b>		<b>127,116,801</b>	<b>121,236,608</b>
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SIGNIFICANT ACCOUNTING POLICIES 15

NOTES FORMING PART OF THE ACCOUNTS 16

As per our report of even date attached For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**

Chartered Accountants  
FRN No.101048W

R. D. HANGEKAR

Partner

Membership No.30615

Place : Mumbai

Date : 27th May, 2011

I.C. JAIN

Chairman

Place : Mumbai

Date : 27th May, 2011

GIRISH JAIN

Director

Place : Mumbai

Date : 27th May, 2011

RUPESH TAWDE

Company Secretary

Place : Mumbai

Date : 27th May, 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	Schedules	For the year ended	
		31.03.2011 (₹)	31.03.2010 (₹)

**INCOME:**

Professional Fees and Other Income	11	1,263,922	2,905,804
[TDS ₹ 76,000/- (₹ 76,000/-)]			
Interest Income [TDS ₹ 248,600/- (₹ 186,315/-)]		3,187,223	1,779,839
Profit on Sale of Investments		6,416,937	2,936,078
Trading Profit on shares		-	81,369
<b>Total</b>		<b>10,868,082</b>	<b>7,703,090</b>

**EXPENDITURE :**

Opening Stock		-	3
Salaries and Allowances	12	1,695,673	1,672,003
Operating and Other Administration Expenses	13	2,093,233	2,077,013
Financial Charges	14	2,068,793	579,590
Investments written off		-	584,318
Trading loss on shares		15,022	-
Amounts written off		2,777,511	-
<b>Total</b>		<b>8,650,232</b>	<b>4,912,927</b>

**Profit before depreciation and Tax** 2,217,850      **2,790,163**

Depreciation 556,894      637,229

**Profit Before Taxation** 1,660,956      **2,152,934**

Less : Provision for Taxation — Current Tax (850,000)      (472,000)

— Deferred Tax 12,708,749      -

— MAT Credit 686,202      -

— Prior year Taxes paid -      (22,937)

**Profit After Taxation** 14,205,907      **1,657,997**

Prior Period Income / (Expenses) (18,373)      37,281

Surplus as per last account 7,801,357      7,939,526

**Total** 21,988,891      **9,634,804**

**Appropriations :**

Special Reserve	3,037,030	429,358
General Reserve	1,518,515	214,679
Redeemable Preference shares- Dividend	1,020,000	1,020,000
Tax on Dividend	165,470	169,409
<b>Surplus - Balance Carried to Balance Sheet</b>	<b>16,247,876</b>	<b>7,801,358</b>

**EARNING PER EQUITY SHARE**

(a) Basic	4.16	0.14
(b) Diluted	4.16	0.14

SIGNIFICANT ACCOUNTING POLICIES 15

NOTES FORMING PART OF THE ACCOUNTS 16

As per our report of even date attached For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**

Chartered Accountants  
FRN No.101048W

R. D. HANGEKAR

Partner

Membership No.30615

Place : Mumbai

Date : 27th May, 2011

I. C. JAIN

Chairman

Place : Mumbai

Date : 27th May, 2011

GIRISH JAIN

Director

Place : Mumbai

Date : 27th May, 2011

RUPESH TAWDE

Company Secretary

Place : Mumbai

Date : 27th May, 2011

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	March 31, 2011		March 31, 2010	
	Amount (₹)		Amount (₹)	

**A Cash Flow from Operating Activities**

<b>Net Profit Before Tax and Extraordinary Items</b>	<b>1,660,956</b>	<b>2,152,934</b>		
Adjustment for:				
Prior Period Item	(18,373)	14,344		
Depreciation	556,894	637,229		
(Profit)/Loss on Sale of Investments	-	-		
(Profit)/Loss on Sale of Assets	-	-		
Diminution in Value of Investments	-	-		
Bad Debts Written Off	-	-		
Sundry Credit Balances Written Back	-	-		
Preliminary Expenses / Share Issue Expenses	-	-		
Interest and Financial Charges	2,068,793	579,590		
Interest Income	(3,187,223)	(1,779,839)		
Dividend Income	(450,885)	(389,974)		
<b>Operating Profit Before Working Capital Changes</b>	<b>630,162</b>	<b>1,214,284</b>		
Adjustment for:				
Trade and Other Receivable	450,000	8,120,160		
Inventories	-	-		
Trade Payable and Other Liabilities	(12,406,584)	24,000,423		
<b>(Increase)/ Decrease in Net Current Assets</b>	<b>(11,956,584)</b>	<b>32,120,583</b>		



Particulars	March 31, 2011 Amount (₹)	March 31, 2010 Amount (₹)
<b>Cash generated from Operations</b>	<b>(11,326,422)</b>	<b>33,334,867</b>
Direct Taxes Paid (Net of Refund)	(850,000)	(212,712)
<b>Cash Flow Before Extraordinary Items</b>	<b>(12,176,422)</b>	<b>33,122,155</b>
Extraordinary Items	-	-
Net Cash flow from Operating Activities	(12,176,422)	33,122,155
<b>B Cash Flow from Investment Activities</b>		
(Increase) / Decrease in Investment	18,329,014	(439,380)
Investment in Associate Company	-	-
Purchase of Fixed Assets	(51,182)	(35,000)
Sale of Fixed Assets	-	-
Interest Income	3,187,223	1,779,839
Dividend Income	450,885	389,974
<b>Net Cash Flow from Investing Activities</b>	<b>21,915,940</b>	<b>1,695,433</b>
<b>C Cash Flow From Financing Activities</b>		
Loan Taken-Secured (Net of repayments)	(7,121,870)	13,870,787
Loan Taken-Unsecured (Net of repayments)	-	(33,203,381)
Loans Given	95,040,586	59,387,386
Loans Given to Subsidiaries	-	-
Deposits	(92,686,718)	(77,701,188)
Adjustment for transfer from advances to Bank balance	-	-
Accumulated Lease adjustment	-	-
Interest and Finance Charges	(2,068,793)	(579,590)
Increase in Share Capital	-	763,000
Increase in Share Premium	-	1,006,397
Issue of Share warrants	-	(177,015)
Dividend tax paid	-	-
Interim dividend on cumulative preference shares paid	-	-
Dividend Paid	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>(6,836,795)</b>	<b>(36,633,604)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,902,724</b>	<b>(1,816,017)</b>
Cash and Cash Equivalents at the beginning of the Year	7,792,839	9,608,856
Cash and Cash Equivalents at the close of the Year	10,695,563	7,792,839

**Note:-**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

As per our report of even date attached For and on behalf of the Board of Directors  
**For BATLIBOI & PUROHIT**  
Chartered Accountants  
FRN No.101048W

**R. D. HANGEKAR**  
Partner  
Membership No.30615  
Place : Mumbai  
Date : 27th May, 2011

**I. C. JAIN GIRISH JAIN RUPESH TAWDE**  
Chairman Director Company Secretary  
Place : Mumbai  
Date : 27th May, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE - 1 SHARE CAPITAL AUTHORISED</b>		
3,50,00,000 (3,50,00,000) Equity Shares of ₹ 10/- each	350,000,000	350,000,000
15,00,000 (15,00,000) Redeemable Preference shares of ₹ 100/- each	150,000,000	150,000,000
	<b>500,000,000</b>	<b>500,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
31,35,740 (31,35,740) Equity Shares of ₹ 10/- each fully paid up	31,357,400	31,357,400
(Out of which 11,73,880 Equity Shares were issued as Bonus shares by capitalisation of General Reserve and Share Premium)		
85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each, redeemable after the expiry of one year but before the expiry of 20 years from the date of allotment.	8,500,000	8,500,000
	<b>39,857,400</b>	<b>39,857,400</b>
<b>SCHEDULE - 2 RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last balance sheet	4,160,062	3,153,665
Add : Received During the year	-	1,006,397
	<b>4,160,062</b>	<b>4,160,062</b>
<b>General Reserve :</b>		
As per last balance sheet	476,739	262,060
Add : Addition / (Deduction) During the year	1,518,515	214,679
	<b>1,995,254</b>	<b>476,739</b>
<b>Capital Redemption Reserve :</b>		
As per last balance sheet	49,900,000	49,900,000
Add : Addition / (Deduction) During the year	-	-
	<b>49,900,000</b>	<b>49,900,000</b>
<b>Special Reserve</b>		
As per last balance sheet	2,682,977	2,253,619
Add : Addition / (Deduction) During the year	3,037,030	429,358
	<b>5,720,007</b>	<b>2,682,977</b>
Profit and Loss account balance	<b>16,247,876</b>	<b>7,801,358</b>
	<b>(A+B+C+D+E)</b>	<b>78,023,199</b>
		<b>65,021,136</b>

**SCHEDULE - 3**

**SECURED LOANS**

**From a Bank**

Cash credit facility with Bank - 10,016,684  
(secured by equitable mortgage of premises belonging to company and an Associate Company and corporate guarantee provided by the associate Company)

**From Others**

Loan against pledge of shares 9,236,202 6,114,758  
[Due within 12 months ₹ 9,236,202/- (Previous year ₹ 6,114,758/- )]  
Loan against vehicles by way of Hypothecation of vehicle - 226,630  
[Due within 12 months ₹ NIL (₹ 226,630)]

**9,236,202 16,358,072**

**SCHEDULE - 4**

**FIXED ASSETS:**

PARTICULARS	Rate of Depn.	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
		AS AT 01-04-2010 ₹	ADDITIONS DURING THE YEAR ₹	DEDUCTIONS DURING THE YEAR ₹	AS AT 31-03-2011 ₹	AS AT 01-04-2010 ₹	FOR THE YEAR ₹	DEDUCTIONS DURING THE YEAR ₹	UPTO 31-03-2011 ₹	AS AT 31-03-2011 ₹	AS AT 31.03.2010 ₹
<b>OWNED ASSETS :</b>											
Building	5.00%	10,848,873	-	-	10,848,873	5,821,099	251,389	-	6,072,488	4,776,385	5,027,774
Furniture & Fixtures	18.10%	6,450,973	-	-	6,450,973	5,798,929	118,020	-	5,916,949	534,024	652,044
Office Equipments	13.91%	1,523,352	15,250	-	1,538,602	1,306,269	31,646	-	1,337,915	200,687	217,083
Electrical Fittings	13.91%	578,301	-	-	578,301	291,861	39,844	-	331,705	246,596	286,440
Computers	40.00%	9,975	-	-	9,975	8,682	517	-	9,199	776	1,293
Vehicles	25.89%	788,695	-	-	788,695	365,791	109,490	-	475,281	313,414	422,904
Intangible Assets (Computer Software)	33.33%	-	35,932	-	35,932	-	5,988	-	5,988	29,944	-
<b>Total</b>		<b>20,200,169</b>	<b>51,182</b>	<b>-</b>	<b>20,251,351</b>	<b>13,592,632</b>	<b>556,894</b>	<b>-</b>	<b>14,149,525</b>	<b>6,101,826</b>	<b>6,607,538</b>
Previous Year		20,165,169	35,000	-	20,200,169	12,955,403	637,229	-	13,592,631	6,607,538	-

**SCHEDULE : 5**  
**INVESTMENTS :**

Sr. No.	Particulars	Face Value per share ₹	As at 31st March 2011		As at 31st March 2010	
			Quantity Nos.	Amount ₹	Quantity Nos.	Amount ₹
	<b>Long term trade investments</b>					
	<b>(A) Equity shares - Quoted</b>					
1	Akzo Nobel India Limited	10	700	618,819	-	-
2	Bajaj Corp Limited	1	5,800	4,302,992	-	-
3	Coal India Limited	10	11,000	2,925,582	-	-
4	Country Club (India) Limited	2	20,000	423,216	-	-
5	Bank of Rajasthan Limited	10	-	-	1,200	180,301
6	Binani Cement Limited	10	-	-	13,000	1,279,278
7	DQ Entertainment International Limited	10	5,741	731,547	5,741	731,547
8	Dredging Corporation Of India Limited	10	1,800	1,715,209	1,800	1,715,209
9	Everest Kanto Cylinder Limited	2	2,000	343,752	2,000	343,752
10	Gayatri Projects Limited.	10	-	-	700	250,350
11	Glenmark Pharmaceuticals Limited	1	1,000	417,245	1,000	417,245
12	Gujarat State Petronet Limited	10	-	-	15,000	1,605,172
13	HBL Power Systems Limited	1	29,750	1,148,611	22,250	909,361
14	Himachal Futuristic Comm. Limited	1	10,000	425,300	10,000	425,300
15	Hindustan Copper Limited	5	4	2,581	2,000	1,290,429
16	Hotline Glass Limited	10	37,549	-	37,549	-
17	IBN 18 Broadcast Limited	2	-	-	5,000	625,418
18	IDBI Bank Limited	10	200	39,162	-	-
19	ICICI Bank Limited	10	1,000	1,368,665	1,000	1,368,665
20	Indiabulls Financial Services Limited	2	-	-	11,500	5,347,505
21	Indiabulls Real Estate Limited	2	2,000	1,443,212	2,000	1,443,212
22	Larsen & Toubro Limited	2	-	-	600	946,858
23	NHPC Limited.	10	76,963	3,421,604	76,963	3,421,604
24	Net Work 18 Media & Investment Limited	5	-	-	5,000	799,709
25	Net Worth Stock Broking Limited	10	-	-	7,500	426,324
26	Nutek India Limited	5	-	-	49,350	2,181,457
27	Manugraph India Limited	2	-	-	3,000	574,127
28	Om Metals Infraprojects Limited	1	5,000	425,597	5,000	425,597
29	Parshvath Developers Limited	5	-	-	900	134,917
30	Power Grid Corporation Of india Limited	10	-	-	5,000	574,494
31	Premier Explosives Limited	10	-	-	3,305	152,265
32	Ramsarup Industries Limited	10	-	-	6,320	551,224
33	Reliance Infrastructure Limited	10	1,150	1,624,622	1,150	1,624,622
34	Reliance Industrial Infrastructure Limited	10	300	668,598	300	668,598
35	Reliance Industries Limited	10	418	634,317	418	634,317
36	Shree Ram Urban Infrastructure Limited	10	5,000	976,400	-	-
37	Shree Vindhya Paper Mills Limited	10	1	104	33,640	3,487,870
38	Singer India Limited	10	3,400	247,160	3,400	247,160
39	Srei Infrastructure Finance Limited	10	18,000	832,664	7,500	624,418
40	Uflex Limited	10	1,000	111,890	-	-
41	Vikas Wsp Limited	1	10,500	345,769	-	-
42	VST Industries Limited	10	700	357,979	-	-
	<b>Sub Total (A)</b>			<b>25,552,597</b>		<b>35,408,304</b>
	<b>(B) In other companies</b>					
1	KJMC Capital Market Services Limited	10	5,000,000	50,000,000	5,000,000	50,000,000
2	KJMC Credit Marketing Limited	10	-	-	25,000	250,000
3	KJMC Commodities Market India Limited	10	202,500	2,025,000	157,500	1,575,000
4	DR. Modi's Karjat Health Resort Limited	10	50,000	750,000	50,000	750,000
5	Prime Pictures Limited	10	25,000	1	25,000	1
	<b>Sub Total (B)</b>			<b>52,775,001</b>		<b>52,575,001</b>
	<b>(C) Mutual Fund Sub Total (C)</b>			<b>2,904,208</b>		<b>11,531,016</b>
	<b>Total ( A+B+C)</b>			<b>81,231,806</b>		<b>99,514,321</b>
	<b>Share Application Money</b>			-		<b>46,500</b>
	<b>Total in Investments</b>			<b>81,231,806</b>		<b>99,560,821</b>
	<b>Abstract</b>					
	<b>Aggregate Amount of Quoted Investment</b>			<b>28,456,805</b>		<b>46,939,320</b>
	<b>Aggregate market Value Quoted Investment</b>			<b>16,064,231</b>		<b>19,999,414</b>
	<b>Aggregate Amount of unquoted Investment</b>			<b>52,775,001</b>		<b>52,575,001</b>



	As at 31.03.2011 (₹)	As at 31.03.2010 (₹)
<b>SCHEDULE - 6</b>		
<b>SUNDRY DEBTORS</b>		
Sundry debtors (unsecured and considered good)	-	-
Debts outstanding for more than 6 months	-	-
Less than 6 months	-	450,000
	<u>-</u>	<u>450,000</u>
<b>SCHEDULE - 7</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	98,028	237,687
Balance with scheduled banks in current accounts	10,597,535	7,555,152
	<u>10,695,563</u>	<u>7,792,839</u>
<b>SCHEDULE - 8</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good)</b>		
Loans (Including interest accrued)	2,500,000	96,390,147
Advances recoverable in cash or kind for value to be received	2,804,528	3,268,767
Deposits	100,289,217	7,602,499
	<u>105,593,745</u>	<u>107,261,413</u>
<b>SCHEDULE - 9</b>		
<b>CURRENT LIABILITIES</b>		
Security deposits	97,000,000	94,857,656
Advances from customers	-	14,250,000
Other liabilities	1,615,672	1,517,230
Provision for Expenses	33,467	-
	<u>98,649,139</u>	<u>110,624,886</u>
<b>SCHEDULE - 10</b>		
<b>PROVISIONS</b>		
Provision for Income tax	1,322,000	475,000
Provision on Assets	6,250	98,617
	<u>1,328,250</u>	<u>573,617</u>
<b>SCHEDULE - 11</b>		
<b>PROFESSIONAL FEES &amp; OTHER INCOME</b>		
Other Income	813,037	2,515,830
Dividend	450,885	389,974
	<u>1,263,922</u>	<u>2,905,804</u>
<b>SCHEDULE - 12</b>		
<b>SALARIES AND ALLOWANCES</b>		
Salaries, Bonus, LTA	1,596,825	1,609,022
Staff Welfare, PF and ESIC	98,848	62,981
	<u>1,695,673</u>	<u>1,672,003</u>
<b>SCHEDULE - 13</b>		
<b>OPERATING AND ADMINISTRATION EXPENSES</b>		
Advertisement expenses	183,857	74,595
Audit committee fees	6,000	8,000
Auditors remuneration	94,306	74,453
Board meeting fees	80,000	84,000
Books and Periodicals	-	4,680
Business promotion expenses	26,634	111,415
Conveyance Expenses	54,880	238,613
Demat Charges (Investment)	13,722	14,283
Demat Charges (Custodian Charges)	9,691	455
Depository Service charges	6,618	32,486
Documentation Charges	-	5,114
Insurance Charges	13,953	12,773
Legal and Other Expenses	111,866	28,555
Listing Fees	11,030	121,430
Medical Expenses	19,773	17,186
Miscellaneous Expenses	198,366	335,602
Motor Car Expenses	34,160	12,607
Postage and Mailing Charges	42,447	38,219
Printing and Stationery	47,075	42,878
Professional and Legal Fees	508,338	394,037
Provision on Standard Assets	6,250	-
Registrar and Transfer Charges	23,893	24,786
Repairs and Maintenance	-	-
- Building	20,190	73,745
- Others	23,094	20,912
Securities Transaction Tax	69,693	79,154
Stamping Charges	-	53,039
Subscription and Membership	320,983	12,500
Telephone	123,772	91,316
Tour and Travelling	42,642	59,130
Preliminary expenses written off	-	11,050
	<u>2,093,233</u>	<u>2,077,013</u>
<b>SCHEDULE - 14</b>		
<b>FINANCIAL CHARGES</b>		
Interest	1,951,989	495,790
Bank Charge and Commission	116,804	83,800
	<u>2,068,793</u>	<u>579,590</u>

**SCHEDULE - 15**

**Significant Accounting Policies to the Consolidated Financial Statement:**

**I. Basis of Consolidation**

**a) Basis of Preparation**

The consolidated financial statements are prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountant of India.

**b) Principles of Consolidation**

The consolidated financial statements have been prepared based on a line-by-line consolidation of the financial statement of KJMC Financial Services Limited and its subsidiaries. The details of subsidiary companies whose financial statements are consolidated are as under:

Name of Subsidiary	Country of Incorporation	Percentage of Ownership
KJMC Assets Management Company Limited	India	100%
KJMC Investment Trust Company Limited	India	100%

**II. Summary of Group's Significant Accounting Policies:**

**1. Accounting Methodology**

The financial statements are prepared on historical cost basis confirming to the statutory provisions. The Company adopts accrual system of accounting.

**2. Revenue Recognition**

Revenue is being recognised as and when there is reasonable certainty of its ultimate realisation and on completion of the assignment.

**a) Professional Fees**

Professional fees are accounted on accrual basis

**b) Income from other operations**

Income from other operations, are accounted for on accrual basis.

**c) Non Performing Assets**

Income is not recognized in respect of Non-Performing Assets, if any, as per the guidelines for prudential norms prescribed by Reserve Bank of India (RBI).

**d) Dividend**

Dividend Income is recognized when the right to receive is established.

**3. Foreign Currency Transactions**

For Consolidation purpose transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference on translation is recognised as income or expense, as the case may be, for the year.

**4. Provisions:**

**a) Company provides for all expenses on accrual basis.**

**b) Company makes provision against Standard, Sub-Standard, Doubtful and Loss assets as per the guidelines for Prudential Norms prescribed by Reserve Bank of India, from time to time.**

**5. Fixed Assets and Depreciation**

Fixed Assets are stated at cost of acquisition less depreciation. Depreciation is provided under the written down value method, at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.

**6. Investments**

As certified by the Management, all investments are intended to be held for a period of more than one year from the date on which such investments are made. Accordingly, all investments are long-term investments and are valued at cost. The cost is determined on weighted Average Method.

**7. Amortization of expenses**

Preliminary and Share Issue expenses are amortized in accordance with Section 35 D of the Income Tax Act, 1961. Expenditure in respect of increase in Authorised Capital has been amortized over 10 years.

**8. Stock in Trade**

Stocks of shares are valued at cost or market value whichever is lower

**9. Taxation**

(i) Provision for Taxation is made on the basis of the Taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961.

(ii) Deferred Tax resulting from "timing difference" between book profit and taxable profit for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. The deferred tax asset is recognized and carried

forward only to the extent that there is a certainty that the asset will be adjusted in future. Deferred tax on timing differences which reverse during the tax holiday is not recognized.

**10. Employees Benefits:**

- i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.
- ii) The company is exempted from Payment of Gratuity Act, 1972 in view of its strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.

**SCHEDULE – 16**

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT:**

1. Contingent Liabilities not provided for in respect of :

Corporate Guarantees given to:

- i) HDFC Bank for ₹ 300 Lacs (₹ 300 Lacs)
  - ii) Corporation Bank for ₹ 200 Lacs (₹ 200 Lacs)
- in respect of KJMC Capital Market Services Limited.

2. The Company has not received any information from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

3. Auditors Remuneration

(Amount in ₹)

		31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
a)	Audit Fees	63,423	63,423
b)	Tax Audit Fees	11,030	11,030
c)	Other Services	19,853	-
	<b>Total</b>	<b>94,306</b>	<b>74,453</b>

4. Earnings Per Share:

Particulars	31-3-2011	31-3-2010
(a) Profit/(Loss) after Tax (₹)	142,05,907	16,57,997
(b) The weighted average Number of Equity Share (Nos.)	31,35,740	31,35,740
(c) Face value (₹)	10	10
(d) Earnings per Share (Basic) (₹)	4.16	0.14
(e) Earnings per Share (Diluted) (₹)	4.16	0.14

5. Earnings in Foreign Currency ₹ NIL (₹ NIL)  
 Expenditure in Foreign Currency ₹ NIL (₹ NIL)  
 Managerial remuneration included in the Profit & Loss Account are ₹ NIL (₹ NIL)

6. Related party disclosures under Accounting Standard -18:

**Parties with whom the company has entered into transactions during the year.**

**List of related parties**

**a) Associates**

- KJMC Global Market (India) Limited
- KJMC Shares and Securities Limited
- KJMC Capital Market Services Limited
- KJMC Credit Marketing Limited
- KJMC Commodities Market India Limited

**b) Key Management Personnel**

Mr. Girish Jain

**c) Enterprises over which key management personnel is able to exercise significant influence**

Puja Impex Private Limited

**Transactions during the year with related parties**

(₹ in Lacs)

S. No.	Nature of Transactions with related parties	Associates		Key Management Personnel		Enterprises over which key management personnel is able to exercise significant influence	
		31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010
1	Advance against expenses	-	54.91	-	-	-	104.50
2	Loans and Advances given	348.70	-	-	-	-	-
3	Loan Received	75.00	-	-	-	104.50	-
4	Sale of Shares	-	-	-	-	-	-
5	Purchase of Shares	-	7.50	-	-	-	-
6	Deposit received	120.00	-	-	-	-	-
	<b>Outstanding as at year end</b>						
1	Net Receivables	-	64.80	-	-	-	104.50
2	Net Payables	220.00	438.50	-	-	-	-

7. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.

8. Additional information pursuant to provision of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act has not been given, as it is not practicable to compile the same.

As per our report of even date attached For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**  
 Chartered Accountants  
 FRN No.101048W

**R. D. HANGEKAR**  
 Partner  
 Membership No.30615  
 Place : Mumbai  
 Date : 27th May, 2011

**I. C. JAIN** **GIRISH JAIN** **RUPESH TAWDE**  
 Chairman Director Company Secretary  
 Place : Mumbai  
 Date : 27th May, 2011



**(FOR MEMBERS HOLDING SHARES IN PHYSICAL FORM)**

Date :

**To,**  
**Bigshare Services Private Limited**  
Unit : KJMC Financial Services Limited  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East),  
Mumbai - 400072.

Dear Sir,

**Subject : Green Initiative in the Corporate Governance – registration of email address**

**Reference :** Folio No.....

I/we hereby give my / our consent to register the following email address(es) to receive documents such as, notice calling annual general meeting, annual report comprising of balance sheet, profit and loss account, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.

E-mail Address.....

Thanking you,  
Yours faithfully,

Name:	Name:	Name:
Signature of First Shareholder	Signature of Second Shareholder	Signature of Third Shareholder

-----TEAR HERE-----

**(FOR MEMBERS HOLDING SHARES IN ELECTRONIC FORM)**

Members, who hold shares in electronic form, are requested to **register email address with the Depository Participant**, by a written communication quoting your DP ID and Client ID, to receive documents such as, notice calling annual general meeting, annual report comprising of balance sheet, profit and loss account, cash flow statement, directors' report, auditors' report, etc. or to receive any other document prescribed under any law, through electronic mode.







# KJMC FINANCIAL SERVICES LIMITED

Regd. Office : 168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

## ATTENDANCE SLIP

Shareholders attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I/We hereby record my/our presence at the Twenty Third Annual General Meeting of the Company at S.K. Somani Memorial Hall, Hindi Vidya Bhavan, 79, Marine Drive, F Road, Mumbai - 400 020 at 3.30 p.m. on Saturday, 24th September, 2011.

\_\_\_\_\_  
Name of the Member attending (in Block Letters) Signature

\_\_\_\_\_  
Full Name of the First Joint-holder (To be filled-in if the first named holder does not attended the meeting) Signature

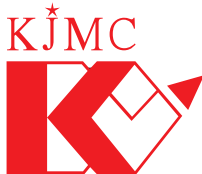
\_\_\_\_\_  
Name of the Proxy (To be filled-in if the Proxy Form has been duly deposited with the Company)

Membership Folio No. \_\_\_\_\_ DP.ID\* \_\_\_\_\_

No. of Share held \_\_\_\_\_ Client Id\* \_\_\_\_\_

\* Application for investors holding shares in electronic form

✂----- Tear Here -----✂



# KJMC FINANCIAL SERVICES LIMITED

Regd. Office : 168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

## PROXY FORM

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member(s) of the above named Company hereby appoint Shri/Smt \_\_\_\_\_ of \_\_\_\_\_ or failing him / her Shri/Smt. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company on Saturday, 24th September, 2011 and any adjournment thereof.

Membership Folio No. \_\_\_\_\_ DP.ID\* \_\_\_\_\_

No. of Share held \_\_\_\_\_ Client Id\* \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

\* Application for investors holding shares in electronic form

Affix  
Re. 1/-  
Revenue  
Stamp

**Note:** The Proxy must be deposited at the Registered office of the Company not less than 48 hours before the time fixed for holding the meeting.

BOOK - POST

*If undelivered, please return to :*

KJMC



**KJMC Financial Services Limited**

**Registered Office :**

168, Atlanta, 16th Floor,

Nariman Point, Mumbai - 400 021.