

KJMC FINANCIAL SERVICES LTD.

NBFC : No. B- 13.01633



KJMC FINSERV
MONEY MATTERS

December 01, 2020

To,
The Department of Corporate Services - CRD,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Dear Sir,

Ref.: Scrip Code 530235

Sub: Submission of 32nd Annual Report of the KJMC Financial Services Limited for the
Financial Year 2019-2020

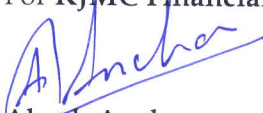
Pursuant to Regulation 34 Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of 32nd Annual General Meeting for the financial year 2019-20.

The AGM of the Company will be held on Thursday, December 24, 2020, at 11:00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021.

The Annual Report containing the Notice is also uploaded on the Company's website at www.kjmcfinserv.com

You are requested to kindly take same on record.

Yours faithfully,
For KJMC Financial Services Limited


Akash Anchan
Company Secretary



Encl.: As above

Regd. office :- 162, 16th Floor, Atlanta, 209, Nariman Point, Mumbai - 400021.

Tel.:+91-22- 2288 5201-2, 4094 5500 ● Fax: +91-22-2285 2892 ● Email: info@kjmc.com ● Website: www.kjmcfinserv.com

CIN:L65100MH1988PLC047873



KJMC FINSERV
MONEY MATTERS

KJMC FINANCIAL SERVICES LIMITED

**32nd
Annual Report
2019 - 2020**

32ND ANNUAL REPORT 2019 - 2020

BOARD OF DIRECTORS

Mr. Inderchand Jain	Chairman
Mr. Rajnesh Jain	Whole Time Director
Mr. Girish Jain	Director
Mrs. Shraddha Jain	Director
Mr. S. C. Aythora	Independent Director
Mr. Nitin Kulkarni	Independent Director
Mr. Anil Sampat	Independent Director
Mr. Vijay Joshi	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Pradeep Poddar

COMPANY SECRETARY

Mr. Akash Anchan

STATUTORY AUDITOR

M/s. V. P. Thacker & Co.
1105 Embassy Centre,
Nariman Point,
Mumbai-400021.

BANKERS

HDFC Bank Limited, Union Bank of India, ICICI Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,
Makwana Road, Marol, Andheri (East) Mumbai 400059
Tel. No. 022 62638200, Fax No. 022 62638299,
Mail id: investor@bigshareonline.com.
Counter Timings : 10.00 a.m. to 12.30 p.m. : 1.30 p.m. to 3.30 p.m.

REGISTERED OFFICE

162, 16th Floor, Atlanta,
Nariman Point, Mumbai – 400 021
Tel.No.: 022-4094 5500
Email : investor.finance@kjm.com
CIN : L65100MH1988PLC047873

GROUP BRANCH OFFICE

New Delhi
G8 & 9, Hans Bhavan, Ground floor,
1, Bahadur Shah Zafar Marg,
Near ITO Office, New Delhi - 110 002.

32 ND ANNUAL GENERAL MEETING	
Date	: Thursday, December 24, 2020
Time	: 11.00 a.m.
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021

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NOTICE

Notice is hereby given that the 32nd Annual General Meeting of the Members of KJMC Financial Services Limited (CIN:L65100MH1988PLC047873) will be held on Thursday, December 24, 2020, at 11:00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021 to transact the following businesses :-

ORDINARY BUSINESSES: -

1. To receive, consider and adopt the Audited Financial Statement (including Audited Consolidated Financial Statement) of the Company for the Financial Year ended March 31, 2020, and the Reports of the Board of Directors and Auditors thereon.
2. To consider re-appointment of Mr. Inderchand Jain (DIN: 00178901), Chairman and Non-Executive Director who retires by rotation and being eligible, offers himself for re-appointment.

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder and Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Inderchand Jain (DIN: 00178901), Chairman and Non-Executive Director, aged 81 years, who retires by rotation at this meeting and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

SPECIAL BUSINESSES:-

3. **To appoint Statutory Auditors to fill casual vacancy.**

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 139 (8) and any other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), be and is hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. V P Thacker & Co., Chartered Accountants, (Firm Registration No. 118696W);

RESOLVED FURTHER THAT M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), be and are hereby appointed as Statutory Auditors of the Company to hold the office from November 13, 2020, until the conclusion of this Annual General Meeting (32nd) of the Company, at such remuneration as may be mutually decided by the Board of Directors of the Company and Auditors”

4. **To appoint Statutory Auditors and fix their remuneration.** 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 139 and any other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of Five (5) consecutive years, to hold office from the conclusion of 32nd Annual General Meeting until the conclusion of 37th Annual General Meeting of the Company to be

held in the year 2025 at such remuneration as may be mutually agreed between the Board of Director of the Company and the Auditors;

RESOLVED FURTHER THAT any of the Board of Directors, be and is, hereby empowered and authorised to take such steps, in relation to the above and to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary E-Forms with Registrar of Companies.”

5. **To appoint Mr Anil Sampat (DIN: 06735051), aged 77 years, as an Independent Director of the Company**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and section 161(1) read with Companies (Appointment and Qualification of Directors) Rules, 2014 other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to Regulation 17 (1A) and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr Anil Sampat (DIN: 06735051), aged 77 years, who was appointed as an Additional (Independent) Director of the Company with effect from July 15, 2020 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act 2013, from a member proposing his candidature for the office of Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and SEBI Listing Regulations, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years with effect from July 15, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/ or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard.”

6. **To appoint Mr. Vijay Joshi (DIN: 00151550) as an Independent Director of the Company.**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV of the Companies Act, 2013 (“Act”), Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory amendment or modification or re-enactment thereof for the time being in force), Mr. Vijay Joshi (DIN: 00151550), who was appointed as an Additional (Independent) Director of the Company with effect from September 07, 2020, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act 2013, from a member proposing his candidature for the office of Independent Director and who has submitted a declaration that he meets the criteria for independence as provided in the Act and SEBI Listing Regulations, be and is hereby appointed as an Independent Director for a term of 5 (five) consecutive years with effect from September 07, 2020.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and to authorise any of the directors and/ or key managerial personnel and/or officers of the Company to take necessary actions on behalf of the Company in that regard."

7. To re-appoint Mr. Rajnesh Jain (DIN: 00151988) as a Whole Time Director of the Company.

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

"RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the members Company be and is hereby accorded for the reappointment of Mr. Rajnesh Jain (DIN: 00151988) as Whole Time Director (WTD) of the Company, for a period of 3 (three) years with effect from August 11, 2020 to August 10, 2023, on the following terms and conditions:

1. Basic Salary:

₹ 2,00,000/- (Rupees Two Lakhs Only) per month with such increases as may be decided by the Board of Directors (which includes any Committee thereof) from time to time.

2. Perquisites and allowances:

In addition to the Salary, the following perquisites, allowances shall be allowed:

- (i) Payment/ Reimbursement of medical expenses incurred for self and family in India or abroad, including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air-fare, boarding/lodging for patient and attendant.
- (ii) Payment/ Reimbursement of actual traveling expenses in India or Abroad for proceeding on leave twice in a block of four years in respect of himself and family.
- (iii) Payment/ Reimbursement of membership fees for clubs in India or abroad, including any admission / life membership fees.
- (iv) Mediclaim and Life insurance policy for himself and family.
- (v) Keyman insurance policy.
- (vi) Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the Board of Directors from time to time.
- (vii) Payment/ Reimbursement of entertainment expenses incurred in the course of business of the company.
- (viii) Payment/ Reimbursement of educational expenses including academic fees, tuition fees, hostel charges, travelling expenses, housing expenses, food/ meal expenses, travel and health insurance etc. for maximum of two children's in India or outside India.
- (ix) Company's contribution to provident fund and superannuation fund to the extent these either singly or put together are not taxable under the Income-tax Act.
- (x) Gratuity at the rate of half month's salary for each year of service.
- (xi) Leave with full pay as per the rules of the company, with encashment of unavailed leave being allowed.

- (xii) Free use of Company's car along with driver for Company's works and Private purpose.
- (xiii) Telephone, Mobile, Tele-fax and other communication facilities at company's cost.
- (xiv) Rent free accommodation including payment of electricity bill, water charges and all other expenses for the upkeep and maintenance of residence.
- (xv) Payment/ Reimbursement of expenditure incurred towards membership fees for gym, etc.
- (xvi) Payment of tax on perquisites, in addition to the salary and other perquisites.

Subject to any statutory ceiling/s, Mr. Rajnesh Jain (DIN: 00151988) may be given any other allowances, perquisites benefits and facilities as the Board of Directors from time to time may decide.

3. Valuation of perquisites:

Perquisites / Allowances shall be valued as per Income-tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.

4. Other terms:

- a) No sitting fees shall be paid to Mr. Rajnesh Jain (DIN: 00151988) for attending the meetings of the Board of Directors or any Committee thereof, during his tenure as 'Whole Time Director' of the Company.
- b) Compensation for loss of office before the expiry of the terms of office would be payable to him as per the provisions of the Companies Act, 2013.

5. Minimum Remuneration:

The aforesaid remuneration in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may, for the time being in force. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of Salary, Perquisites and Allowances not exceeding ₹ 1,20,00,000 (Rupees One Crore Twenty lakhs Only) in compliance with Section II of Part II of Schedule V of the Companies Act, 2013, as may be agreed to the Board of Directors of the Company and Mr. Rajnesh Jain (DIN: 00151988).

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution."

8. ISSUE OF NON- CONVERTIBLE DEBENTURES THROUGH PRIVATE PLACEMENT

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

"RESOLVED THAT pursuant to the provisions of Section(s) 42, and 71 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, (including any statutory modifications or re-enactments thereof for the time being in force), and in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,

other applicable SEBI Regulations and Guidelines, if any, the Foreign Exchange Management Act, as amended, applicable Master Directions, relevant guidelines, circulars and clarifications issued by the Reserve Bank of India as applicable to Non-Banking Financial Companies ("NBFC") from time to time, the provisions of Memorandum and Articles of Association of the Company, and such any other laws, acts, rules, guidelines, regulations for the time being in force and any other circulars, notifications and/or clarifications issued by any relevant authority (including any statutory modifications or re-enactments thereof for the time being in force), and subject to such other consent(s)/permission(s)/sanction(s), as may be required, consent of the Members of the Company be and is hereby accorded to authorize the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee constituted / may be constituted of the Board of Directors of the Company) to raise funds from time to time by way of issue, offer, invite for subscription and to allot rated/unrated, Secured/unsecured, listed/unlisted, Redeemable Non Convertible Debentures ("NCDs"), on a private placement basis, in one or more series / tranches, aggregating upto ₹ 25,00,00,000/- (Rupees Twenty five Crores only), during the period of 1 (one) year from the date of passing of this Special Resolution, to Bank(s), Financial Institution(s), International Lenders, Multilateral Financial Institutions, Agencies, Qualified Institutional Buyers, Mutual Funds, Pension Fund, Provident Fund and Gratuity Funds, Corporate, Insurance Companies, Investors and such other entities/ eligible persons as the Board may in absolute discretion decide, within the overall borrowing limits of the Company as approved by the Members of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to above Resolution, the Board/Committee of the Board or officers authorized by them in this regard be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary pre and the post issue, in respect of issue of Non-Convertible Debentures including but not limited to number of issue/tranches, face value, issue price, issue size, timing, amount, tenor, method of issuance, security/charge creation, coupon/interest rate(s), yield, listing, allotment and other terms and conditions of issue of Non-Convertible Debentures as proper and most beneficial to the Company, including as to when the said Non-Convertible Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto and to select, appoint and finalize the Remuneration of various agencies, including but not limited to Credit Rating Agencies, Trustee, Legal Counsels, Arrangers, Joint Lead Managers, Process Agents and any other agency associated with the issue of secured/unsecured Redeemable Non-Convertible Debentures as they may be, in their absolute discretion, deemed necessary for this purpose, as the case may be."

9. TO APPROVE MATERIAL RELATED PARTY TRANSACTION

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 applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013 and Regulation 23 and the other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company be and is hereby authorised to grant loan to Mr. Rajnesh Jain, (DIN: 00151988) Whole-Time-Director of the Company, for a period of 12 months up to an amount of ₹1,00,00,000/- (Rupees One Crore only) at an interest of 14% p.a. and such other terms and conditions as may be approved by the Board from time to time.;

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things they may deem desirable and necessary for the purpose of giving effect to the above resolution."

**By Order of the Board of Directors
For KJMC Financial Services Limited**

**Akash Anchan
Company Secretary
ACS-48123**

Place: Mumbai
Date: November 13, 2020

Registered Office:

162, Atlanta, 16th Floor, Nariman Point, Mumbai-400021.

Email: investor.finance@kjmc.com

Website: www.kjmcfinserv.com

CIN: [L65100MH1988PLC047873](https://www.cin.com/IN65100MH1988PLC047873)

NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning the business under Item Nos. 2 to 9 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also annexed.
2. 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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder
3. Members / proxies and authorized representatives should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
4. Corporate members intending to send their authorised representative to attend the Meeting are requested to ensure that the authorised representative carries a certified copy of the Board resolution, Power of Attorney or such other valid authorizations, authorising them to attend and vote on their behalf at the Meeting.
5. For the convenience of the members and for proper conduct of the meeting, entry to the place of the meeting will be regulated by the Attendance Slip, annexed to the Proxy Form. Members/Proxies are requested to bring the attendance slip duly filled in and to affix their signature at the place provided on the Attendance Slip and hand it over at the counters at the venue.
6. A proxy shall not have a right to speak at the meeting and shall not be entitled to vote except on a poll.
7. An instrument appointing proxy is valid only if it is properly stamped as per the applicable law. Blank or incomplete, unstamped or inadequately stamped, undated proxies or proxies upon which the stamps have not been cancelled will be considered as invalid. If

- the Company receives multiple proxies for the same holdings of a Member, the proxy which is dated last will be considered as valid. If such multiple proxies are not dated or they bear the same date without specific mention of time, all such multiple proxies shall be treated as invalid.
8. The proxy – holder shall prove his identity at the time of attending the Meeting.
 9. In case of joint holders attending the Annual General Meeting (AGM), only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
 10. Members desirous of getting any information on the Annual Accounts, at the AGM, are requested to write to the Company at least 10 days in advance, so as to enable the Company to keep the information ready.
 11. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
 12. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
 13. The Register of Members and Share Transfer Books will remain closed from Friday, December 18, 2020 to Thursday, December 24, 2020 (both days inclusive) for the purpose of AGM.
 14. Members whose shareholding is in the electronic mode are requested to direct change of correspondence address, e-mail id and updates of savings bank account details to their respective Depository Participant(s).
 15. Members are requested to address all correspondence to the Registrar and Share Transfer Agents (RTA), Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400059, Tel. No.022- 62638200, Fax No. 022- 62638299, mail id : investor@bigshareonline.com and rajeshm@bigshareonline.com.
 16. Copies of the Annual Report 2019-2020, the notice of the 32nd AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. In view of the outbreak of COVID-19 pandemic and owing to the difficulties involved in dispatching of physical copies of Annual Report, the Ministry of Corporate Affairs ("MCA") has vide its circular no 20/2020 dated May 05, 2020 and subsequently SEBI vide its circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 directed the Companies to send the Annual Report only by e-mail to all the Members of the Company.
 17. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with Bigshare Services Private Limited / Depository participants.
 18. Members may also note that the Notice of the 32nd AGM, Attendance Slip, Proxy Form, Route Map, Ballot paper and the Annual Report, 2019-2020 will be available on the Company's website, www.Kjmcfinserv.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members, who require communication in physical form in addition to e-communication or have any other queries, may write to us at: investor.finance@kjmc.com.
 19. Members holding shares in physical form and desirous of making a nomination or cancellation/ variation in nomination already made in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit to the RTA of the Company the prescribed Form SH.13 for nomination and Form SH.14 for cancellation/ variation, as the case may be. The Forms can be downloaded from Company's website. www.Kjmcfinserv.com. Members holding shares in demat mode may contact their respective Depository Participant for availing this facility.
 20. Members having multiple folios are requested to consolidate their folios into single folio and for this purpose send request along with the original certificates to the RTA specifying the folio number under which they desire to hold the shares.
 21. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company/ Registrar and Share Transfer Agents.
 22. All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
 23. The remote e-voting period commences from Saturday, December 19, 2020 (09:00 a.m.) and ends on Wednesday, December 23, 2020 (05:00 p.m.). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form as on 17th December, 2020 (cut-off date) may cast their vote electronically.
 24. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change/ modify it subsequently or cast the vote again.
 25. The voting rights of shareholders shall be in proportion to the share in the paid up equity share capital of the Company as on 17th December, 2020, the cutoff date.
 26. The Company has appointed M/s S. S. Rauthan & Associates., a firm of Company Secretaries in Practice, as a scrutinizer for conducting the e-voting and polling process at the ensuing AGM in a fair and transparent manner.
 27. The scrutinizer shall, not later than forty eight (48) hours, from the conclusion of the meeting, unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or person authorized by him in writing, who shall countersign the same.
 28. In the event of a poll at the meeting, please note that the members who have exercised their right to vote by electronic means shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with section 109 of the Companies Act, 2013 read with the relevant Rules.
 29. Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 32nd Annual General Meeting of the Company scheduled to be held on Thursday, December 24, 2020. The results along with the scrutinizer's report shall be placed on

the Company's website www.Kjmcfinserv.com, within 48 hours from the conclusion of the 32nd Annual General Meeting of the Company and communicated to BSE Limited.

30. Additional information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Directors seeking appointment / re-appointment at the AGM are furnished below:

The Directors have furnished the requisite consents /declarations for their appointment/re appointment.

I) Mr. Inderchand Jain

Name & Designation	Mr. Inderchand Jain, Non- Executive Director - Chairman		
Director Identification Number (DIN)	00178901		
Date of Birth	November 07, 1939		
Qualifications	FCA, B.Com		
Expertise in specific functional area	He is having over five decades of rich and varied experience in Income Tax Counseling, Corporate Finance, Merchant Banking and Company Audit etc. He is a qualified Chartered Accountant. He has guided the Company through decades of diversification and growth. He was a Director on Local Board of RBI from 1994-2002. He was also on the Board of prominent companies such as Asian Paints, Mahindra & Mahindra Ltd, Raymond India Ltd etc.		
Director of the Company since	June 30, 2000.		
Number of Shares held in the Company as on March 31, 2020	213,000 (4.45%)		
Disclosure of relationships between directors inter-se	Sr. No.	Name & Designation of Director	Relationship
	1.	Mr. Rajnesh Jain, Director	Son of Mr. Inderchand Jain
	2.	Mr. Girish Jain, Director	Son of Mr. Inderchand Jain
	3.	Mrs. Shraddha Jain, Director	Son's Wife

Directorships/Committee Membership of Mr. Inderchand Jain in other companies:

Name of the Company (Directorship)	Committee Chairmanship/ Membership
KJMC Corporate Advisors (India) Limited (Listed Company)	1. Member - Audit Committee 2. Chairman - Share Transfer & Stakeholders Relationship Committee. 3. Chairman – Credit & Investment Committee.
KJMC Trading & Agency Limited	-
KJMC Realty Private Limited	-
KJMC e. Business Ventures Private Limited	-
Prathamesh Enterprises Private Limited	-

II) Mr. Anil Sampat

Name & Designation	Mr. Anil Sampat, Additional Independent Director
Director Identification Number (DIN)	06735051
Date of Birth	October 14, 1943
Qualifications	FCA, LL.B., B.Com
Expertise in specific functional area	Mr Anil Sampat is a Chartered Accountant, started his practise in the year 1979. He has devoted last 45 years in Banking related activities and developed expertise in Banking, Finance, Mutual Funds, BIFR matters and Corporate Debt Restructuring activities etc. He worked in various capacities in Bank of Baroda for 9 years, from 1970 to 1979 and was Instrumental for laying down the entire infrastructure for Merchant Banking Division in Bank of Baroda. He was an Independent Trustee of Bank Of Baroda Mutual Fund for about 10 years since its inception. He was also a member of Expert Committee of Indian Merchant Chamber on Banking, Finance and Capital Market for about Six Years and a member of Expert Committee on Banking and Finance of ASSOCHAM for a period of three years.
Director of the Company since	With effect from 15 th July, 2020 i.e. subject to approval of members at the AGM.
Number of Shares held in the Company as on March 31, 2020	5,500
Disclosure of relationships between directors inter-se.	Not related to any Director / Key Managerial Personnel.

Directorships/Committee Membership of Mr. Anil Sampat in other companies:

Name of the Company (Directorship)	Committee Chairmanship/ Membership
KJMC Corporate Advisors (India) Limited.	-
Puja Trades and Investments Private Limited.	-

III) Mr. Vijay Joshi

Name & Designation	Mr. Vijay Joshi, Additional Independent Director
Director Identification Number (DIN)	00151550
Date of Birth	January 07, 1963
Qualifications	CS, B.Com
Expertise in specific functional area	Mr. Vijay Joshi is a 'Company Secretary' with over 25 years of rich and varied professional experience in the areas of Secretarial, Legal and Corporate Finance.
Director of the Company since	With effect from 07 th September, 2020 subject to approval of members at the AGM.
Number of Shares held in the Company as on March 31, 2020	NIL
Disclosure of relationships between directors inter-se.	Not related to any Director / Key Managerial Personnel.

Directorships/Committee Membership of Mr. Vijay Joshi in other companies:

Name of the Company (Directorship)	Committee Chairmanship/ Membership
KJMC Corporate Advisors (India) Limited.	-

IV) Mr. Rajnesh Jain

Name & Designation	Mr. Rajnesh Jain, Whole Time Director		
Director Identification Number (DIN)	00151988		
Date of Birth	January 31, 1967		
Qualifications	B.Com, FCA		
Expertise in specific functional area	Having vast experience in corporate finance, financial services, merchant banking, capital market and fund and non fund based activities.		
Director of the Company since	June 30, 2001.		
Number of Shares held in the Company as on March 31, 2020	122335		
Disclosure of relationships between directors inter-se	Sr. No.	Name & Designation of Director	Relationship
	1.	Mr. Inderchand Jain, Director	Father of Mr. Rajnesh Jain
	2.	Mr. Girish Jain, Director	Brother of Mr. Rajnesh Jain
	3.	Mrs. Shraddha Jain, Director	Wife of Mr. Rajnesh Jain

Directorships / Committee Membership of Mr. Rajnesh Jain in other companies:

Name of the Company (Directorship)	Committee Chairmanship/ Membership
KJMC Corporate Advisors (India) Limited (Listed Company)	1. Member – Share Transfer and Stakeholders Relationship Committee.
	2. Member – Nomination & Remuneration Committee.
	3. Member – Credit & Investment Committee.
KJMC Capital Market Services Limited	1. Member – Audit Committee.
	2. Member – Nomination & Remuneration Committee.
KJMC Credit Marketing Limited	-
KJMC Trading & Agency Limited	-
Graham Firth Steel Products (India)Limited	-
KJMC Realty Private Limited	-
Prathamesh Enterprises Private Limited	-
KJMC e. Business Ventures Private Limited	-

31. The route map showing directions to reach the venue of the 32nd AGM is annexed.

32. **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING:** In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following preventive measures at the Annual General Meeting to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the AGM venue. Any person above specified body temperature may be denied entry into the AGM venue or be required to leave the AGM venue.
- (ii) The Company encourages attendees to wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines issued by the Government of India the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights.

33. In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the company is providing to its members the facility to cast their vote electronically from a place other than venue of the AGM ("remote e-voting") as an alternative to all the members of the company to enable them to cast their votes electronically instead of voting at the AGM, through e-voting services provided by CDSL. Shareholders who have already voted prior to the date of AGM would not be entitled to vote at the meeting venue.

The procedure and instructions for remote e-voting are as under:-

- (i) The e-voting period begins from December 19, 2020 (09:00 a.m.) and ends on December 23, 2020 (05.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date December 17, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website www.evotingindia.com
- (iii) Now click on "Shareholders" tab.
- (iv) Now enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login-Myeasiesing your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the "KJMC Financial Services Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and

click on Forgot Password & enter the details as prompted by the system.

- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians:

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

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (ix) above to cast vote.
- (B) The voting period begins from December 19, 2020 (09:00 a.m.) and ends on December 23, 2020 (05:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as **on the cut-off date December 17, 2020**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

**By Order of the Board of Directors
For KJMC Financial Services Limited**

**Akash Anchan
Company Secretary
ACS-48123**

Place: Mumbai
Date: November 13, 2020

Registered Office:
162, Atlanta, 16th Floor, Nariman Point, Mumbai-400021.
Email: investor.finance@kjmc.com
Website: www.kjmcfinserv.com
CIN: L65100MH1988PLC047873

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required under Section 102 Of the Companies Act, 2013 the following explanatory statement sets out the material facts relating to business mentioned in Item Nos 2 to 9 of the accompanying Notice:

ITEM NO.2

Mr Inderchand Jain (DIN: 00178901), aged 81 years, is the Chairman and Non- Executive Director of the Company and pursuant to the Articles of Association, his office is subject to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment as a Non-Executive Director of the Company.

Pursuant to the Regulation 17 (1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Companies are mandatorily required to pass a special resolution to continue the directorship of any person as Non-Executive Director of the listed company, who has attained the age of seventy- five years (75 Years). Accordingly his continuation as Non-Executive Director shall require approval of shareholders by way of special resolution.

At the 30th Annual General Meeting of the Company held on September 22, 2018, the members by passing Special Resolution, in terms of the Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) have approved the continuation of tenure of directorship of Mr. Inderchand Jain (DIN: 00178901), as Non-Executive Director.

Mr. Inderchand Jain (DIN: 00178901), has been serving as a Director of the Company and is a promoter of the Company. It would be in interest of the Company to continue to avail his services as a Non-Executive Director of the Company. A brief profile of Mr. Inderchand Jain as stipulated under Regulation 36(3) of Listing Regulations is given in this Notice.

Mr. Inderchand Jain (DIN: 00178901), himself and his relatives Mr. Rajnesh Jain, Mr. Girish Jain and Mrs. Shraddha Jain are interested in this resolution. Save and except above, none of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in this Special resolution.

The Board recommends the Special Resolution as set out at Item No. 2 for approval by the members.

ITEM NO. 3 & 4

Disclosure in terms of Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

M/s V. P. Thacker & Co., Chartered Accountants (Firm Registration No. 118696W) vide their letter dated November 13, 2020 have resigned from the position of Statutory Auditors of the Company, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013.

The Board of Directors at its meeting held on November 13, 2020, on the recommendation of Audit committee and pursuant to the provisions of Section 139(8) of the Companies Act, 2013, appointed M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), to hold office as the Statutory Auditors of the Company till the conclusion of 32nd AGM and to fill the casual vacancy caused by the resignation of M/s. V. P. Thacker & Co., Chartered Accountants, subject to the approval by the members in ensuing General Meeting of the Company, at a remuneration of ₹40000 as against ₹ 40,000/- paid to M/s. V. P. Thacker & Co., Chartered Accountants, resigning Auditors.

Further, the Board also approved appointment of M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), as Statutory

Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of the 32nd AGM, till the conclusion of the 37th AGM to be held in year 2025. Accordingly, your Board of Directors also recommend passing of resolution for appointment of M/s. Batliboi & Purohit as Statutory Auditor of the Company for a period of 5 consecutive years.

M/s. Batliboi & Purohit, Chartered Accountants, is having requisite expertise and resources as Statutory Auditors. M/s. Batliboi and Purohit, Chartered Accountants is a well reputed Chartered Accountants firm established in 1907. The firm has diligently carried out various assignments from Public and Private sectors in the field of Statutory Audits, Concurrent Audits, Internal Audits, Dealing Room Audits, monitoring of finance, Stock and Receivables Audits, Investigative Audits etc.

M/s. Batliboi & Purohit., Chartered Accountants have provided their consent and confirmed that their appointment, if made, would be within the limits specified under section 141(3) (g) of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, as amended from time to time.

None of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed Ordinary Resolution as set out at Item No.3 & 4 of the Notice.

The Board recommends the members to pass Resolution set out at Item No. 3 & 4 of the Notice as Ordinary resolutions.

ITEM NO. 5

Pursuant to Section 161 of the Companies Act, 2013 and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has appointed Mr Anil Sampat (DIN: 06735051), aged 77 years, as an Additional (Independent) Director on the Board of the Company at their meeting held on July 15, 2020. Mr. Anil Sampat (DIN: 06735051) shall hold office for a term of 5 consecutive years with effect from July 15, 2020 as an Independent Director of the Company subject to the approval of the members.

The Company has received a notice in writing in accordance with provisions of Section 160(1) of the Act, from a Member, proposing his candidature for the office of Independent Director.

Pursuant to the Regulation 17(1A) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Companies are mandatorily required to pass a special resolution for appointing any person as Non- Executive Director of the listed company, who has attained the age of seventy- five years (75 Years). Accordingly continuation of Mr Anil Sampat (DIN: 06735051) as Non-Executive Independent Director shall require approval of shareholders by way of special resolution.

Mr Anil Sampat, possesses appropriate skills, experience and knowledge. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr Anil Sampat (DIN: 06735051) be appointed as an Independent Director of the Company. Mr Anil Sampat (DIN: 06735051) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr Anil Sampat (DIN: 06735051) that he meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

A brief justification for his appointment as Non-Executive Independent Director on the Board of the Company is as under:

Mr. Anil Sampat (DIN: 06735051) has experience over 45 years in Banking related activities and developed expertise in Banking, Finance, Mutual Funds, BIFR matters and corporate Debt Restructuring. He worked in various capacities in Bank of Baroda for 9 years and was

Instrumental for laying down the entire infrastructure for Merchant Banking Division in Bank of Baroda mainly concentrating on Project Finance, Loan Syndication, Working Capital Finance, BIFR matters, Rehabilitation and Restructuring of units, Corporate Debt Restructuring. He started practise as Chartered Accountant from 1979. He also held position of Independent Trustee of Bank of Baroda Mutual Fund for about 10 years since its inception. He was also a member on Expert Committee of Indian Merchant Chamber on Banking, Finance and Capital Market for about Six Years and member on Expert Committee on Banking and Finance of ASSOCHAM for a period of three years. Mr Anil Sampat's rich and diverse experience are very important elements in the discussions and business decisions taken by the Board. In the opinion of the Board, Mr Anil Sampat, fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Brief profile of Mr Anil Sampat (DIN: 06735051) is mentioned in the notes to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except for Mr. Anil Sampat, (DIN: 06735051) none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the members.

ITEM NO. 6

Pursuant to Section 161 of the Companies Act, 2013 and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has appointed Mr. Vijay Joshi (DIN: 00151550) as an Additional Independent Director of the Company at their meeting held on September 07, 2020. Mr. Vijay Joshi (DIN: 00151550) shall hold office for a term of 5 consecutive years with effect from September 07, 2020 as an Independent Director of the Company subject to the approval of the members

The Company has received a notice in writing in accordance with provisions of Section 160(1) of the Act, from a Member, proposing his candidature for the office of Independent Director.

Mr. Vijay Joshi (DIN: 00151550) has also given a declaration to the company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualification of Directors) Rules, 2014 and relevant regulation of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. In accordance with the provisions of Sections 149 and 152 read with Schedule IV to the Act, appointment of an Independent Director requires approval of members.

Mr. Vijay Joshi (DIN: 00151550) possesses appropriate skills, experience and knowledge. Keeping in view his vast expertise and knowledge, it will be in the interest of the Company that Mr. Vijay Joshi be appointed as an Independent Director of the Company.

Mr. Vijay Joshi (DIN: 00151550) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. In the opinion of the Board, Mr. Vijay Joshi, fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

Brief profile of Mr. Vijay Joshi (DIN: 00151550) is mentioned in the notes to the Notice, pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Except for Mr. Vijay Joshi, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice. This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

ITEM NO. 7

In accordance with the provision of sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013, reappointment of Mr. Rajnesh Jain (DIN: 00151988), Whole time Director requires approval of the members at the ensuing Annual General Meeting.

Based on the recommendation of the Nomination and Remuneration Committee and after considering his performance, the Board of Directors at their meeting held on July 15, 2020 have approved the re-appointment of Mr. Rajnesh Jain (DIN: 00151988) as Whole-time Director of the Company for a consecutive period of three years with effect from August 11, 2020 to August 10, 2023 as the tenure of Whole Time Directorship of Mr. Rajnesh Jain (DIN: 00151988) has expired on August 10, 2020.

Further, in the meeting of the Nomination and Remuneration Committee held on July 15, 2020 has recommended change in the terms of remuneration, which are also approved by the Board of Directors in their meeting held on same day. The said appointment and terms are subject to the approval of the members at the ensuing Annual General Meeting by way of Special Resolution.

The material terms of remuneration payable to Mr. Rajnesh Jain (DIN: 00151988) are as under:

1. Basic Salary:

₹ 2,00,000/- (Rupees Two Lakhs Only) per month with such increases as may be decided by the Board of Directors (which includes any Committee thereof) from time to time.

2. Perquisites and allowances:

In addition to the Salary, the following perquisites, allowances shall be allowed:

- (i) Payment/ Reimbursement of medical expenses incurred for self and family in India or abroad, including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air-fare, boarding/lodging for patient and attendant.
- (ii) Payment/ Reimbursement of actual traveling expenses in India or Abroad for proceeding on leave twice in a block of four years in respect of himself and family.
- (iii) Payment/ Reimbursement of membership fees for clubs in India or abroad, including any admission / life membership fees.
- (iv) Mediclaim and Life insurance policy for himself and family.
- (v) Keyman insurance policy.
- (vi) Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the Board of Directors from time to time.
- (vii) Payment/ Reimbursement of entertainment expenses incurred in the course of business of the company.
- (viii) Payment/ Reimbursement of educational expenses including academic fees, tuition fees, hostel charges, travelling expenses, housing expenses, food/ meal expenses, travel and health insurance etc. for maximum of two children's in India or outside India.
- (ix) Company's contribution to provident fund and superannuation fund to the extent these either singly or put together are not taxable under the Income-tax Act.
- (x) Gratuity at the rate of half month's salary for each year of service.

- (xi) Leave with full pay as per the rules of the company, with encashment of unavailed leave being allowed.
- (xii) Free use of Company's car along with driver for Company's works and Private purpose.
- (xiii) Telephone, Mobile, Tele-fax and other communication facilities at company's cost.
- (xiv) Rent free accommodation including payment of electricity bill, water charges and all other expenses for the upkeep and maintenance of residence.
- (xv) Payment/ Reimbursement of expenditure incurred towards membership fees for gym, etc.
- (xvi) Payment of tax on perquisites, in addition to the salary and other perquisites.

Subject to any statutory ceiling/s, Mr. Rajnesh Jain (DIN: 00151988) may be given any other allowances, perquisites benefits and facilities as the Board of Directors from time to time may decide.

3. Valuation of perquisites:

Perquisites / Allowances shall be valued as per Income-tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.

4. Other terms:

- I) No sitting fees shall be paid to Mr. Rajnesh Jain (DIN: 00151988) for attending the meetings of the Board of Directors or any Committee thereof, during his tenure as 'Whole Time Director' of the Company.
- II) Compensation for loss of office before the expiry of the terms of office would be payable to him as per the provisions of the Companies Act, 2013.

5. Minimum Remuneration:

The aforesaid remuneration in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may, for the time being in force. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of Salary, Perquisites and Allowances not exceeding ₹1,20,00,000 (Rupees One Crore Twenty lakhs Only) in compliance with Section II of Part II of Schedule V of the Companies Act, 2013, as may be agreed to the Board of Directors of the Company and Mr. Rajnesh Jain.

Information required to be given to members as per Schedule V of the Companies Act, 2013:

I. General information:

1	Nature of Industry	Financial Services (NBFC)
2	Expected date of commencement of commercial production	Not applicable.
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable.

4	Financial performance based on given indicators	As per the Audited Accounts of the Company for the following financial year ended March 31, 2020 (₹ in '000)		
		Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
		Total Revenue	23576	27417
		Profit Before Tax	(15412)	(6521)
		Profit for the period	(15092)	(6907)
5	Foreign Investments or collaborators, if any	Not applicable		

II. Information about the appointee:

1.	Background details	Mr. Rajnesh Jain is a FCA, having vast experience in Corporate Finance, Financial Services, Merchant Banking, Capital Market and fund based activities including investments, fund based and non fund based working capital facilities and trade finance. He is also one of the promoters of the Company and associated with the Company for more than two decades. He holds 122335 (2.56%) equity shares of the Company.
2.	Past remuneration	Last drawn remuneration is given in the Corporate Governance Section of the Annual Report.
3.	Job profile	Mr. Rajnesh Jain shall, subject to the directions, supervision and control of the Board of Directors of the Company, manage and conduct the business and affairs of your Company.
4.	Remuneration proposed	The remuneration details for proposed appointment are given in the text of the Explanatory Statement.
5.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).	Mr. Rajnesh Jain is responsible for the whole affairs of the Management of the Company and accountable to the Board of Directors of the Company. Keeping in view the profile of Whole time Director with his enriched knowledge and vast experience, the Board of Directors considers that the remuneration proposed to Mr. Rajnesh Jain is fully justifiable and commensurate with the similar sized industry.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Besides the proposed remuneration payable to him, he does not have any other pecuniary relationship with the Company or with managerial personnel.

III. Other information:

1.	Reasons for inadequacy of profits	The company is exposed to specific risks that are peculiar to its business and the environment within which it operates including the economic cycle, market risk, etc. therefore, the profitability of the company varies accordingly.
2.	Steps taken or proposed to be taken for improvement	The Economic Outlook for the Country has considerably improved with the stable Government which is committed to economic reforms and policies to improve ease of doing business. Considering the Country's stable Central Government and economic outlook coupled with importance of financial services, your directors expect better performance of the Company in the coming years.
3.	Expected increase in productivity and profits in measurable terms	The Nomination and Remuneration Committee and the Board are of the opinion that appointment of Mr. Rajnesh Jain as 'Whole Time Director' would be in the interest of your Company and, therefore, recommend the resolution for your approval.

In compliance with the provisions of Sections 196, 197 read with Schedule V and any other applicable provisions, if any of the Companies Act, 2013, the terms of appointment and remuneration of Mr. Rajnesh Jain, as specified above are now being placed before the Members for approval.

Mr. Rajnesh Jain (DIN: 00151988) himself and his relatives' viz. Mr. Inderchand Jain, Mr. Girish Jain and Mrs. Shraddha Jain are concerned or interested in the Resolution. Save and except above, none of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board recommends the Special Resolution as set out at Item No. 7 for approval by the members

ITEM NO. 8

As per the provisions of Section 42 of the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company shall not make an offer or invitation to subscribe to securities through Private Placement unless the proposal has been previously approved by the Shareholders of the Company by a Special Resolution for each of the offers or invitations..Further, in case of offer or invitation to subscribe Non-Convertible Debentures (NCDs) on private placement basis, where the proposed amount to be raised through such offer or invitation exceeds the limits specified in clause (c) of sub-section (1) of section 180 it shall be sufficient if the Company passes a Special Resolution only once in a year for all the offers or invitations to subscribe NCDs. The Special Resolution shall be valid for a period of one year from the date of passing of the resolution

The Non-Convertible Debentures (NCDs) issued on private placement basis is one of the most cost effective sources for long term borrowings.

As part of the measures to further strengthen its funds position and to augment the long term resources of the Company for its lending, Financing and Investment activities, inter alia, for the strategic business expansion in future and for general corporate purpose, the Board of Directors at their meeting held on November, 13, 2020, subject to the approval of the Members of the Company, accorded their approval to raise funds from time to time by way of issue, offer, invite for subscription and to allot rated/unrated, Secured/unsecured, listed/unlisted, redeemable Non Convertible Debentures ('NCDs'), for Cash on a private placement basis, in one or more series / tranches, aggregating upto

₹ 25,00,00,000 /- (Rupees Twenty five Crores only) within the overall borrowing limits of the Company of ₹ 2000 crores at any point of time, as approved by the Members of the Company.

Accordingly, Consent of the members is sought for passing the Special Resolution as set out in Item no. 8. This is enabling resolution to authorize the Board of Directors of the Company to issue, offer, invite for subscription of the NCDs as may be required by the Company, from time to time for a year from the date of passing this resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested financially or otherwise in the proposed Resolution.

The Board recommends the Special Resolution as set out at Item No. 8 for approval by the members.

ITEM NO. 9

Mr. Rajnesh Jain (DIN: 00151988) is the Whole time Director of the Company and is responsible for managing the day to day operations and management of the Company.

The Company has received a request from Mr. Rajnesh Jain (DIN: 00151988) for availing a loan upto an amount of ₹ 1,00,00,000 (Rupees One Crore) from the Company. The said loan is proposed to be given for a period of 1 year bearing interest of 14% p.a.. The said transaction is on arm's length basis and since the Company is a Registered Non-Banking Financial Company, the said loan is also in the ordinary course of business of the Company.

However, pursuant to the Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Company is required to obtain the approval of shareholders by way of a Ordinary Resolution for entering into any transaction with Related Party which is in nature of material transaction as per SEBI (LODR) Regulation 2015.

Since, the aforesaid transaction is falling in the ambit of the material transaction as per SEBI (LODR) Regulation 2015, the said matter is placed before the members at Item no. 9 for approval. Considering the contributions made by Mr. Rajnesh Jain (DIN: 00151988) over the period of time for growth of the Company and since the transaction is also on arm's length basis, the Board intends to extend the said loan to Mr. Rajnesh Jain and accordingly, recommends the members to approve the same.

As a good Corporate Governance Practice, above mentioned resolution is voluntarily proposed for shareholders approval.

Mr. Rajnesh Jain (DIN: 00151988) himself alongwith his relatives' viz. Mr. Inderchand Jain, Mr. Girish Jain and Mrs. Shraddha Jain can be deemed concerned or interested in the Resolution. No other Directors, Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested financially or otherwise in the proposed Resolution.

The Board recommends the Ordinary Resolution as set out at Item No.9. for approval by the members

**By Order of the Board of Directors
For KJMC Financial Services Limited**

**Akash Anchan
Company Secretary
ACS-48123**

Place: Mumbai
Date: November 13, 2020

Registered Office:
162, Atlanta, 16th Floor, Nariman Point, Mumbai-400021.
Email: investor.finance@kjmc.com
Website: www.kjmcfinserv.com
CIN: L65100MH1988PLC047873

DIRECTORS REPORT

Dear Members,

Your Directors' have pleasure in presenting the 32nd Annual Report of the KJMC Financial Services Limited (KFSL), together with the Audited Financial Statements of the Company for the financial year ended March 31, 2020. The consolidated performances of the Company and its subsidiaries have been referred to wherever required.

FINANCIAL RESULTS

The performance of the Company for the financial year ended March 31, 2020 is summarized below:

(₹ in "000")

Particulars	Standalone		Consolidated	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
FINANCIAL RESULTS				
Revenue from operation	17930	23441	17965	23468
Other Income	5646	3976	5671	4040
Total Revenue	23576	27417	23636	27505
Total Expenses	38988	33938	40400	34445
Profit before Tax	(15412)	(6521)	(16764)	(6937)
Less: Provision for Tax				
-Current Tax	-	1835	-	1835
- Deferred Tax	(320)	340	(208)	228
- MAT Credit	-	(1836)	-	(1836)
- Prior period taxes	-	47	-	47
Profit/(loss) after tax	(15092)	(6907)	(16556)	(7211)
Share in Associates' profit/(Loss)	-	-	91	(1082)
Profit/(loss) for the year	(15092)	(6907)	(16465)	(8293)
APPROPRIATIONS				
Profit/(loss) for the year	(15092)	(6907)	(16465)	(8293)
Add: Balance brought forward from previous year	16542	23677	16919	25440
Amount available for appropriations	1450	16770	450	7147
Less: Appropriations				
Special Reserve	-	203	-	203
General Reserve	-	25	-	25
Balance carried to Balance Sheet	1450	16542	450	16919
EPS				
-Basic	(3.15)	(1.44)	(3.44)	(1.73)
-Diluted	(3.15)	(1.44)	(3.44)	(1.73)

OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

On standalone basis, your Company earned the gross income of ₹ 23576 (₹ in 000) as against ₹ 27417 (₹ in 000) in the previous year. The total expenditure during the year under review was ₹ 38988 (₹ in 000) as against ₹ 33938 (₹ in 000) in the previous year. The Net Loss after tax was ₹ (15092) (₹ in 000) as against ₹ (6907) (₹ in 000) in the previous year.

On consolidated basis, your Company earned the gross income of ₹ 23636 (₹ in 000) as against ₹ 27505 (₹ in 000) in the previous year. The total expenditure during the year under review was ₹ 40400 (₹ in 000) as against ₹ 34445 (₹ in 000) in the previous year. The Net Loss after tax was ₹ (16465) (₹ in 000) as against ₹ (8293) (₹ in 000) in the previous year.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Companies Act, 2013 (hereinafter referred to as "the Act"), Regulation 33 of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations") and applicable Accounting Standards, the Audited Consolidated Financial Statements of the Company for the financial year 2019-20, together with the Auditors' Report form part of this Annual Report.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARIES AND ASSOCIATES

Subsidiary Companies:

Pursuant to Section 134 of the Companies Act, 2013 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the report on performance and financial position of subsidiaries included in the Consolidated Financial Statements (CFS) in the Company.

A statement containing the salient features of financial statements of subsidiaries/joint venture companies of the Company in the prescribed Form AOC – 1 forms a part of Consolidated Financial Statements (CFS) in compliance with Section 129 (3) and other applicable provisions, if any, of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014.

In accordance with Section 136 of the Act, the financial statements of the subsidiary and associate companies are available for inspection by the members at the Registered Office of the Company during business hours on all days except Saturdays, Sundays and public holidays up to the date of the AGM. Any member desirous of obtaining a copy of the said financial statements may write to the Company Secretary at the Registered Office of the Company. The financial statements including the CFS, and all other documents required to be attached to this report have been uploaded on the website of the Company at www.kjmcfin serv.com.

Brief Financial and Operation of subsidiary and associate companies are given hereunder:

(i) **KJMC Trading & Agency Limited:** It earned gross income of ₹ 1932 (₹ in 000) as against ₹ 91 (₹ in 000) in the previous year. The total expenditure during the year under review was ₹ 3288 (₹ in 000) as against ₹ 507 (₹ in 000) in the previous year. The Net Profit after tax was ₹ 1540 (₹ in 000) as against Net Loss of ₹ (5939) (₹ in 000) in the previous year.

Associate

(i) **KJMC Platinum Builders Private Limited:** It earned gross income of ₹ 961 (₹ in 000) as against ₹ 1069 (₹ in 000) in the previous year. The total expenditure during the year under review was ₹ 648 (₹ in 000) as against ₹ 595 (₹ in 000) in the previous year. The Net Profit after tax was ₹ 267 (₹ in 000) as against ₹ 226 (₹ in 000) in the previous year.

DIVIDEND

In order to conserve the resources for operations of the Company, your Directors do not recommend any dividend for the year under review.

TRANSFER TO RESERVES

The Company has not transferred any amount to reserves of the Company due to the loss incurred by the Company during the financial year 2019-20.

COVID-19

Towards the end of the financial year, the World Health Organisation (WHO) declared COVID-19 a pandemic and the outbreak, which infected millions, has resulted in deaths of a significant number of people globally. COVID-19 is seen having an unprecedented impact on people and economies worldwide. The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. It is focused on controlling costs, maintaining liquidity and

closely monitoring to the operations. The impact of COVID-19 to market losses thereon has been taken into account in the Statement of Profit and Loss for the year. The Ministry of Home Affairs, Government of India on March 24, 2020 notified the first ever nationwide lockdown in India to contain the outbreak of COVID-19 pandemic. The Company operates its business in conformity with the highest ethical standards and employee centricity. In view of the outbreak of the pandemic, The Company undertook timely measures to ensure the safety and well being of its employees at all levels. The employees were allowed to work from home by providing adequate digital and other assistance. The Company observed all the government advisories and guidelines thoroughly.

INDIAN ACCOUNTING STANDARD (IND AS)

The Company has adopted Indian Accounting Standards ("IND AS") from April 01, 2019 with a transition date of April 01, 2018. Accordingly, the financial statement for the year 2019-20 have been prepared in accordance with IND-AS, prescribed under Section 133 of the Act, read with the relevant rules issued there under and the other recognised accounting practices and policies to the extent applicable

RBI PRUDENTIAL NORMS

Since the Company does not accept and hold any public deposits, the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are not applicable to the Company as regard to capital adequacy requirement.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company as on March 31 2020 in Form MGT - 9 in accordance with Section 92 (3) of the Act read with Companies (Management and Administration) Rules, 2014, is available on the website of the Company at <https://www.kjmcfinserv.com>.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors held Five (5) meeting during the year. The maximum time gap between any two meetings was less than 120 days as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the Board Meetings and the attendance of the Directors are provided in the Report on Corporate Governance forming part of this report.

COMMITTEES OF THE BOARD

The Company has constituted/reconstituted various level committees in accordance with the requirements of Companies Act, 2013 which are as follows:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Share Transfer and Stakeholders Relationship Committee
- iv. Credit and Investment Committee
- v. Debenture Allotment Committee
- vi. IT Strategy Committee

Audit Committee

During the year under review all the recommendations made by the Audit Committee were accepted by the Board. Five (5) Audit Committee Meetings were convened and held during the financial year. The details pertaining to composition of Audit Committee and the attendance of the Audit Committee members are provided in the Corporate Governance Report, which forms part of the annual report.

Nomination and Remuneration Committee

During the year under review, One (1) Nomination and Remuneration Committee Meeting was convened and held. The details pertaining to composition of Nomination and Remuneration Committee and the attendance of the Nomination and Remuneration Committee members

are provided in the Corporate Governance Report, which forms part of the annual report.

Share Transfer and Stakeholders Relationship Committee

During the year, Four (4) Share Transfer and Stakeholders Relationship Committee Meetings were convened and held. The details pertaining to composition of Share Transfer and Stakeholders Relationship Committee and the attendance of the Share Transfer and Stakeholders Relationship Committee members are provided in the Corporate Governance Report, which forms part of the annual report.

Credit and Investment Committee

The details pertaining to composition of Credit and Investment Committee are provided in the Corporate Governance Report, which forms part of the annual report.

Debenture Allotment Committee

The details pertaining to composition of Debenture Allotment Committee are provided in the Corporate Governance Report, which forms part of the annual report.

IT Strategy Committee

During the year, Three (3) IT Strategy Committee Meetings were convened and held. The details pertaining to composition of IT Strategy Committee and the attendance of IT Strategy Committee members are provided in the Corporate Governance Report, which forms part of the annual report.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 134 OF THE COMPANIES ACT, 2013

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, confirm that:

- a. in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b. the Directors' have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Loss of the Company for the year ended March 31, 2020;
- c. the Directors' have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors' have prepared the annual accounts for the financial year ended March 31, 2020 on a going concern basis;
- e. the Directors' have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- f. the Directors' have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

During the reporting period, no frauds were reported by Auditors under sub section (12) of section 143, as such no offence involving fraud was committed against the Company by officers or employees of the Company.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Detailed presentations on the Company's business segments are made at the separate meetings of the Independent Directors from time to time.

CODE OF CONDUCT

The Company has in place a comprehensive Code of Conduct ('the code') applicable to the Directors and employees. The Code is applicable to Non-executive Directors including Independent Directors to such an extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the core values of the Company.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 has been disclosed in the Corporate Governance report, which forms part of the annual report.

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

The provisions of Section 186 of Companies Act, 2013 except Sub section (1) is not applicable to the Company. However, the details of Loans, Guarantees and Investments made are disclosed in the Notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All transaction entered into by the Company with related parties, during the financial year 2019-20, were in ordinary course of business and on arm's length basis. The details of the Related Party Transactions are set out in the Notes to Financial Statements forming part of this Annual Report.

Also, the Related Party Transactions undertaken by the Company were in compliance with the provisions set out in the Companies Act, 2013 read with the Rules issued there under and relevant provisions of Listing Regulations.

All transactions with related parties were reviewed and approved by the Audit Committee and are in accordance with the Policy on dealing with and Materiality of Related Party Transactions, formulated by the Company.

All transactions with related party which are required to be reported in Form AOC- 2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed herewith and forms part of this report.

The Policy is also available on the website of the Company at <https://www.kimfinserv.com>

The details of the related party transactions as per IND-AS set out in Note 35 to the Standalone Financial Statements of the Company which forms part of this Report.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

Except for COVID-19 pandemic as reported above, there are no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and on the date of this report. There has been no change in the nature of business of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company is engaged in providing financial services, the details required under Section 134 of the Companies Act, 2013 are not applicable to the Company. However, Company believes in conserving the natural resources and uses CFL and LED Lighting in the office premises which has low energy consumption. The Company has no disclosures to be made in connection with technology absorption.

During the reporting period there was no foreign exchange earnings and expenditure against foreign exchange as compared to expenditure of ₹ 101 (₹ in '000') in the previous year.

RISK MANAGEMENT

The details in respect of risks and concerns are included in the Management Discussion & Analysis, which forms part of this report.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable to the Company.

ANNUAL EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and Individual Directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India ("SEBI") under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of the criteria such as the degree of fulfilment of key responsibilities, Board composition and structure, effectiveness of board processes, information and functioning etc.

In addition, the Chairman was also evaluated on the key aspects of his role. In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The directors expressed satisfaction with the evaluation process.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At the meeting of Board of Directors held on July 15, 2020 and September 07, 2020, based on the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Anil Sampat and Mr. Vijay Joshi as Directors (Independent) for a term of five years w.e.f. July 15, 2020 and September 7, 2020 respectively subject to approval of the members.

The Company has received a notice in writing in accordance with provisions of Section 160(1) of the Act, from a Member, proposing his candidature for the office of Independent Director.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Inderchand Jain (DIN: 00178901), Non-Executive Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. The Board of Directors on the recommendation of the Nomination and Remuneration Committee and based on report of performance evaluation, has recommended re-appointment of Mr. Inderchand Jain as Director of the Company liable to retire by rotation.

Pursuant to 17(1A) of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015), appointment of Mr. Anil Sampat and re-appointment of Mr. Inderchand Jain will be placed for Special Resolution at the ensuing Annual General Meeting.

Mr. Rajnesh Jain's tenure as Whole Time Director expired on completion of the three years term on August 10, 2020. Based on the recommendation

of Nomination and Remuneration Committee, and subject to approval of members in the ensuing Annual General Meeting the Board at their meeting held on July 15, 2020 approved the re-appointment for a period of three years from August 11, 2020 to August 10, 2023 and the remuneration payable to Mr. Rajnesh Jain as Whole-time Director in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule "V" and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Brief Profile of Mr. Anil Sampat, Mr. Inderchand Jain, Mr. Rajnesh Jain and Mr. Vijay Joshi is mentioned in the Notes to the Notice of Annual General Meeting forms part of Annual Report

The Company has received declarations from all Independent Directors of the Company including the proposed Independent Directors confirming that they meet the criteria of independence prescribed under the Act, and the Listing Regulations.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL

The remuneration paid to the Directors is in accordance with the Nomination and Remuneration policy formulated in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations (including any statutory modification(s) or re-enactment (s) thereof for the time being in force) and as per section 197 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

PUBLIC DEPOSITS

The Company being a Non-Deposit Accepting Non-Banking Finance Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the Reserve Bank of India (RBI).

THE DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant or material orders which were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

ADEQUACY OF INTERNAL CONTROL

The Company has in place adequate financial controls commensurate with its size, scale and complexity of its operations. The company has in place policies and procedures required and efficiently conduct its business, safeguard its assets, detect frauds and errors, maintain accuracy and completeness of accounting records in a timely and reliable manner.

The Company continues to have periodical internal audits conducted of all its functions and activities to ensure that system and processes are followed across all areas.

SECRETARIAL STANDARDS:

The Company complies with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India from time to time.

PARTICULARS OF EMPLOYEES

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

i. The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 2019-20;

Non-Executive Directors	Ratio to median remuneration
Mr. Inderchand Jain	1.77%
Mr. S.C. Aythora	2.65%
Mr. Nitin Kulkarni	2.65%

Mrs. Shraddha Jain	1.41%
Mr. Girish Jain	1.50%
Executive Directors	-
Mr. Rajnesh Jain	689.98%

The median remuneration is calculated based on the salary paid during the financial year to employees on payroll as on March 31, 2020.

ii. The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, if any, in the financial year;

Name	Designation	% increase in remuneration in the financial year i.e. 2019-20
Mr. Inderchand Jain	Non Executive Director	No Increase
Mr. S.C. Aythora	Non Executive Director	No Increase
Mr. Nitin Kulkarni	Non Executive Director	No Increase
Mr. Girish Jain	Non Executive Director	No Increase
Mrs. Shraddha Jain	Non Executive Director	No Increase
Mr. Rajnesh Jain	Whole Time Director	No Increase
Ms. Kanak Jain (resigned on 31 st May 2019)	Company Secretary	*
Mr. Akash Anchan (Appointed on 1 st June, 2019)	Company Secretary	*
Mr. Pradeep Poddar	Chief Financial Officer	No Increase

* Since Ms. Kanak Jain has resigned and Mr. Akash Anchan have joined employment in the current financial year and hence provisions relating to increase in their salary is not applicable

iii. The percentage increase in the median remuneration of employees in the financial year: No increase

iv. The number of permanent employees on the rolls of Company as on March 31, 2020: 5 (Five)

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase in the salaries of the employees other than the managerial personal there was no increase and there has been no increase in the managerial remuneration in the FY 2019-20

Note :- The average percentile increase in the salaries of the employees other than the managerial personal is calculated based on the employees on payroll as on March 31, 2020.

The Increments given to employees are based on their potential, performance and contribution, which is also, benchmarked against applicable industry norms

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

There are no employees falling within the purview of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no such details, are required to be given.

AUDITORS

STATUTORY AUDITOR

M/s V. P. Thacker & Co., Chartered Accountants (Firm Registration No. 118696W) vide their letter dated November 13, 2020 have resigned from the position of Statutory Auditors of the Company due to COVID-19 and commercial consideration, resulting into a casual vacancy in the office of Statutory Auditors of the Company as envisaged by Section 139(8) of the Companies Act, 2013.

The Board of Directors at its meeting held on November 13, 2020, on the recommendation of Audit committee and pursuant to the provisions of Section 139(8) of the Companies Act, 2013, appointed M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), to hold office as the Statutory Auditors of the Company till the conclusion of 32nd Annual General Meeting (AGM) and to fill the casual vacancy caused by the resignation of M/s. V. P. Thacker & Co., Chartered Accountants, subject to the approval of the members in ensuing General Meeting of the Company, at such remuneration as may be mutually decided by the Board of Directors of the Company and the Statutory Auditors.

The Company has received the consent from the M/s. Batliboi & Purohit, Chartered Accountants, and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Company in terms of the provisions of the Companies Act, 2013 and rules made thereunder.

Further, the Board also approved appointment of M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), as Statutory Auditors of the Company to hold office for a period of five consecutive years, from the conclusion of the 32nd AGM, till the conclusion of the 37th AGM to be held in year 2025. Accordingly, your Board of Directors also recommend passing of resolution for appointment of M/s. Batliboi & Purohit, Chartered Accountants as Statutory Auditor of the Company for a period of 5 consecutive years Meeting is proposed for approval of the members at this AGM and forms part of the Notice of Annual General Meeting which forms part of Annual report.

The Independent Auditors' Report for the financial year ended March 31, 2020 on the financial statements of the Company forms part of Annual report.

The Auditors' Report for the financial year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.

INTERNAL AUDITOR

Pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the Company has appointed M/s Sanjay Raja Jain & Co., as an internal auditor of the Company for the financial year 2020-21.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company has appointed M/s. Pinky Shethia & Associates, a firm of Practicing Company Secretary to conduct Secretarial Audit for the Financial Year 2020-21.

The Report of the Secretarial Auditor forms part of this Report

The Secretarial Audit Report for the FY 2019-20 does not contain any qualifications, reservations, or adverse remarks or disclaimer, is annexed and forms part of this report.

PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading as amended from time to time with a view to regulates trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and

prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Board Directors and the designated employees have confirmed compliance with the Code.

WHISTLE BLOWER/VIGIL MECHANISM:

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. During the financial year, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries/associate. The Whistle Blower Policy has been posted on the website of the Company.

SHARE CAPITAL

The Authorised share capital of your Company as on March 31, 2020, was ₹ 62,15,00,000. The issued subscribed and paid up share capital of your Company as on 31st March, 2020 was ₹ 4,78,57,400 comprising of 47,85,740 equity shares of ₹ 10/- each. During the reporting period, the Company has not altered its share capital.

LISTING OF SHARES

The 47,85,740 Equity Shares of the Company are listed on BSE Limited. The annual listing fee for the financial year 2020-21 has been paid to BSE Limited (BSE).

SCHEME OF AMALGAMATION

Pursuant to the provision of section 230 to 232 and other applicable provision of the Companies Act, 2013 read with the relevant rules of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 the Hon'ble National Company Law Tribunal (NCLT Mumbai bench) vide its order dated March 03, 2020 had considered and approved the Scheme of Amalgamation of KJMC Asset Management Company Limited, Wholly Owned Subsidiary ("the First transferor company") and KJMC Investment Trust Company Limited, Wholly Owned Subsidiary ("the Second Transferor Company") with KJMC Financial Services Limited, Holding Company ("the Transferee Company") and their respective shareholders.

ISSUE OF NON-CONVERTIBLE-DEBENTURES ON PRIVATE PLACEMENT BASIS

Pursuant to section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and as per the RBI guidelines, The Board of Directors in its meeting held on January 23, 2019 and Shareholders' approval through postal ballot dated March 15, 2019 approved the issue of 25,000 (Twenty-Five Thousand) Secured Redeemable Non-Convertible Debentures of Face Value of ₹ 1000/- (Rupees One Thousand Only) Each aggregating To ₹ 2,50,00,000/- (Rupees Two Crores Fifty Lakhs Only) on private placement basis.

25,000 (Twenty-five thousand) Secured redeemable Non-Convertible-Debentures of ₹ 1000/- each on private placement basis was issued on following terms and conditions.

Nature of Debentures	Non-Convertible, Secured & Redeemable
Face Value of Debentures	₹ 1,000/- (Rupees One Thousand only)
Tenure	24 months
Interest Payment	Quarterly
Interest Rate	12.00% p.a.
Redemption	Redemption at the end of completion of tenure i.e. 24 months
Debenture Trustee	Beacon Trusteeship Limited

CORPORATE GOVERNANCE

Pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, compliance with the corporate governance provisions are not applicable to your Company as the Company's paid up Equity Share Capital does not exceed of ₹ 10 Crores and net worth does not exceed of ₹ 25 Crores as on March 31, 2020.

However, to maintain highest standards of Governance, a separate section on Corporate Governance, is annexed and forms part of the annual 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.

INSURANCE

The Company's assets have been adequately insured.

WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

Certificate from Mr. Rajnesh Jain, Whole Time Director and Mr. Pradeep Poddar, Chief Financial Officer, as specified in Part B of Schedule II of the SEBI (Listing Obligation and Disclosure Requirements), Regulations, 2015 for the financial year ended March 31, 2020 was placed before the Board of Directors of the Company at its meeting held on July 15, 2020.

OTHER DISCLOSURES

- i. Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, is not required by the company.

ACKNOWLEDGMENT

The Board of Directors takes the opportunity to express its sincere appreciation for the support and co-operation from its members, Reserve Bank of India, Banks and Statutory and Regulatory Authorities.

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

**For and on behalf of the Board of Directors
For KJMC Financial Services Limited**

**Indrachand Jain
Chairman
DIN : 00178901**

Place: Mumbai
Date: November 13, 2020

Form AOC-I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries & associate companies.**

Part "A": SUBSIDIARY

(₹ in '000')

Name of the subsidiary	KJMC Trading & Agency Limited
The date since when subsidiary was acquired	07-09-2015
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as holding Company (i.e. 1 st April to 31 st March)
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR
Share capital	1000

Name of the subsidiary	KJMC Trading & Agency Limited
Reserves & surplus	26689
Total assets	40556
Total Liabilities	12867
Investments	40167
Turnover	1932
Profit before taxation	(1356)
Provision for taxation	112
Profit after taxation before Other Comprehensive Income	(1468)
Other comprehensive income	3008
Profit for the Year	1540
Proposed Dividend	Nil
Extent of shareholding (in percentage)	100%

PART "B": ASSOCIATE

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies.

(₹ in '000')

Name of Associates	KJMC Platinum Builders Private Limited
1. Latest audited Balance Sheet Date	31-03-2020
2. Date on which the Associate was associated or acquired	13-03-2013
3. Shares of Associate held by the company on the year end No.	79,800
Amount of Investment in Associates	12635
Extent of Holding (in percentage)	34.04%
4. Description of how there is significant influence	Holding more than 20% of Equity Shares
5. Reason why the associate is not Consolidated	NA
6. Networth* attributable to Shareholding as per latest audited Balance Sheet	20,269
7. Profit / (Loss) for the year	
i. Considered in Consolidation	91
ii. Not Considered in Consolidation	-

- * Networth:- Revaluation reserve is not considered while calculating the Networth.

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

For V. P. Thacker & Co.

Chartered Accountants.
ICAI Firm Registration No. 118696W

Girish Jain
Director
DIN : 00151673

Rajnesh Jain
Whole Time Director
DIN: 00151988

Abuali Darukhanawala
Partner
Membership No. 108053

Pradeep Poddar
Chief Financial Officer

Akash Anchan
Company Secretary

Place: Mumbai
Dated: July 15, 2020

Place: Mumbai
Dated: July 15, 2020

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Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Nil

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements /transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1.	KJMC Trading & Agency Limited (Wholly owned Subsidiary of the Company)	Omnibus approval for availing Manpower services by Company from KJMC Trading & Agency Limited during FY – 2020-21.	12 months (FY-2020-21)	The amount of contract will not be more than ₹ 20,00,000/-	13.02.2020	-
2.	Mr. Rajnesh Jain Whole-Time-Director of the Company (KJMC Financial Services Limited.).	Grant the Loan upto ₹ 1,00,00,000 to Mr. Rajnesh Jain	12 months	Grant the Loan upto ₹ 1,00,00,000 at Interest rate of 14%	09.12.2019	-

**For and on behalf of the Board of Directors
For KJMC Financial Services Limited**

**(Inderchand Jain)
Chairman
DIN : 00178901**

Place: Mumbai
Date : November 13, 2020

FORM NO. – MR-3 SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

To,
The Members,
KJMC Financial Services Limited
162, 16th Floor, Atlanta, Nariman Point,
Mumbai– 400021

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KJMC Financial Services Limited** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **KJMC Financial Services Limited** Books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company, during the audit period covering the Financial Year ended on **March 31, 2020** ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on **March 31, 2020** according to the provisions of:

- i. The Companies Act, 2013 and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder;
- iv. During the Audit period, there was no transaction relating to Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings observed under Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;
- v. The following Regulations and Guidelines prescribed under the SEBI Act, 1992 are as follows:-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011 as amended from time to time;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended from time to time;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Company until the Audit period has not offered Employee Stock Option Scheme and Employee Stock Purchase Scheme under the Securities and Exchange Board of India (share based Employee Benefits) Regulations, 2014.
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -Not applicable as Company has not listed any of its debt securities during the Audit period

- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable** as the Company has not delisted / propose to delist its Equity Shares from any Stock Exchange during the financial year under review);
 - g) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 (**Not applicable** as the Company has not bought back / propose to buy-back any of its securities during the financial year under review);and
 - h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; – Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
- vi. Other laws specifically applicable to the Company is **Reserve Bank of India Act, 1934.**

I have also examined Compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013;
- ii. The Listing Agreement entered into by the Company with BSE and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as Amended from time to time.

I have also examined the books, papers and returns filed and other records maintained by KJMC Financial Services Limited for the Financial Year ended on **March 31, 2020** according to the provisions of various other Laws applicable, including the Rules made thereunder, and amended from time to time, to the Company, as informed by the Company.

I have also examined compliance with applicable Laws, Act, Rules, Regulations, Guidelines, Standards etc. complied by the following subsidiaries of the Company:

- a) **KJMC Asset Management Company Limited**, (Amalgamated with the Company vide order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated March 03, 2020)
- b) **KJMC Investment Trust Company Limited** and (Amalgamated with the Company vide order passed by Hon'ble National Company Law Tribunal, Mumbai Bench dated March 03, 2020)
- c) **KJMC Trading & Agency Limited**, the wholly owned subsidiaries of the Company.

During the financial year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis the Company has complied with the following norms applicable specifically to the Company:

- i. Reserve Bank of India Act, 1934, its Guidelines and Directions issued by Reserve Bank of India (RBI) as applicable to Non-Banking Finance Companies (NBFCs-ND);
- ii. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis related to wages, gratuity, provident fund, ESIC, compensation etc.

I further report that, The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out with requisite majority as recorded in the minutes of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit period under review, the Company has not undertaken any event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

I further report that during the audit period the Company has the following specific events:

1. The Board of Directors has passed a Circular Resolution on April 24, 2020 that the Company has neither accepted any Public Deposit nor is holding any Public Deposit as on March 31, 2020. Further the Company shall not accept any Public Deposit in future without the prior approval of Reserve Bank of India.
2. The Company has allotted 25000 Non – Convertible Debentures (NCDs) of ₹ 1000/- each through Private Placement basis at the Board Meeting held on February 13, 2020.
3. The Mumbai Bench of the Hon'ble National Company Law Tribunal (NCLT) vide its Order dated March 03, 2020 has granted approval for the Scheme of Amalgamation of KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("Scheme"), under Sections 230 to 232 of Companies Act, 2013.

For **Pinky Shethia and Associates**,
Company Secretary in Pratices

CS Pinky Shethia Chheda
Proprietor
Membership No.: A29237
COP No.: 17344

Place: Mumbai
Date : 19th June, 2020
UDIN : A029237B000353770

Note: This Report is to be read with our letter annexed as Annexure-A which forms an integral part of this report.

Annexure-A

To,
The Members
KJMC Financial Services Limited
162, 16th Floor, Atlanta, Nariman Point,
Mumbai – 400021

*My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the company. Our responsibility is to make a report based on the secretarial records produced for our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our report.
3. My Responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to Secretarial Compliances.
4. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. I have obtained the management's representation about the compliances of laws, rules, regulations and happenings of events, wherever required.
6. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management.

Disclaimer:

- * I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- * This Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **Pinky Shethia and Associates,**
Company Secretary in Practice

CS Pinky Shethia Chheda
Proprietor

Membership No.: A29237
COP No.: 17344

Place: Mumbai
Date: 19th June, 2020

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI), Prudential norms issued by RBI, Ind AS i.e Indian accounting standards prescribed by the Institute of Chartered Accountants of India and the Generally Accepted Accounting Principles in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner and reasonably present our state of affairs, profits and cash flows for the year.

INDIAN ECONOMY

MACRO-ECONOMIC ENVIRONMENT

- India ranks second globally in food and agricultural production, while agricultural exports were \$38.5 billion.

For the entire fiscal 2019-20 the current account deficit narrowed to 0.9 per cent of GDP in 2019-20 from 2.1 per cent in 2018-19 on the back of the trade deficit which shrank to US\$ 157.5 billion, RBI said. 2019-20 from US\$ 180.3 billion in 2018-19. The overall balance of payments ended in a surplus of \$59.5 billion compared to a deficit of \$3.3 billion in 2018-19. GDP Growth

- Gross Domestic Product (GDP): The Central Statistics Office (CSO) has estimated the GDP growth to be 4.2% in 2019-20 as compared to 6.1% in 2018-19 and 7.2% in 2017-18. The GDP growth in 2016-17 was 8.2%.

Inflation, fiscal deficit

- Inflation: The Consumer Price Index (CPI) based inflation declined from 3.6% in 2017-18 to 3.4% in 2018-19. This decline was mainly due to low food inflation. But the same increased to 4.54% in 2019-20. The Wholesale Price Index (WPI) based inflation increased from 3.0% in 2017-18 to 4.3% in 2018-19 and decreased to 2.79% in 2019-20.

India's financial service sector has grown from strength to strength, built on prudential lending practices, robust regulatory environment and sound technology base, and has competently met the aspirations of the vast population and enabled economic activities. The competitive landscape of financial services sector has witnessed rapid growth in the last couple of decades. The financial services industry has come a long way in its reach and resilience. Niche market players and product innovations are making a mark in the financial services space.

Startups in India

India has retained its position as the third largest startup base in the world with over 9,300 technology start-ups and added 1,300 startups this year

With this, the total number of startups incepted during 2014-19 stands at 8,900-9,300, with overall base growing at 12-15 percent year-on-year.

- The total funding in startups has come in at \$4.4 billion between January and September this year, up 5 percent year-on-year.
- Not just this, India also witnessed the addition of seven Unicorns in the first eight months of 2019, taking the total to 24. This is the third-highest number of Unicorns in a single country in the world, after the USA and China, that have 203 and 206 Unicorns, respectively.
- The startups have generated an estimated 60,000 direct jobs and 1.3-1.8 lakh indirect jobs this year. The trend seen over the year

indicated that startups were focussing more towards the B2B space as almost 50 percent of the country's total startups were into enterprise-focused services.

- More than 18 percent startups are now leveraging deep-tech, meaning there are over 1,600 such companies in the country. The number constituted only 8 percent of startups established in 2014 but has witnessed a 40 percent CAGR over the past five years.

Although startups have shown steady and sustained growth, the government and corporates need to focus on increasing their role as prominent stakeholders in startups to stimulate innovation.

Accordingly its expected by many prominent research agencies that the Indian Unicorn club could grow to 95-105 in 2025. The startups would have a cumulative valuation of \$350-390 billion by the year, Government Initiatives

Budget Highlights

The key takeaways from the second Interim union budget tabled by Finance Minister Mrs. Nirmala Sitharaman in the Parliament on Feb 1, 2020. **Finance Minister Mrs. Nirmala Sitharaman says farmer income will be doubled by 2022. A total of 6.11 crore farmers insured under Fasal Bima, says finance minister. She says hand-holding of farm-based activities needs to be done. This, she said, can be done in cooperation with states. Presents a 16-point action plan for this purpose. Some of the important points of the budget are as below.**

- **Nominal GDP growth pegged at 10 per cent for FY21 and the fiscal deficit target is 3.5% of GDP. Revised expenditure estimate for FY20 at ₹ 26.99 lakh crore. Revised receipts for FY21 at ₹ 19.32 lakh crore. Numerous foreign companies are setting up their facilities in India on account of various government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, has launched the Make in India initiative with an aim to boost the manufacturing sector of Indian economy, to increase the purchasing power of an average Indian consumer, which would further boost demand, and hence spur development, in addition to benefiting investors. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.**

Some of the recent initiatives and developments undertaken by the government are listed below

- **Government to incentivise farmers to go solar. Over 6 crore farmers under Pradhan Mantri Fasal Bima Yojna** have been insured. Pradhan Mantri Kisan Urja Suraksha and Utthan Mahabhiyan (PM KUSUM) to be expanded, providing **20 lakh farmers in setting up standalone solar pumps.**
- Railways will set up Kisan Rail through PPP model so that perishable goods can be transported quickly. **Krishi Udaan Scheme** to transport agri products to national as well international destinations to be launched.
- Agri-credit target for the year 2020-21 has been set at ₹ 15 lakh crore.
- ₹ 99,300 crore allocated for education in FY21. Govt will start Ind-Sat Exam to promote study in India and a degree-level online education programme for the deprived. A total of ₹ 3,000 crore will be given for skill development
- Allocation for **Swachh Bharat Mission for 2020-21 stands at ₹ 12,300 crore.** In further push to PM Modi's 'Nal se jaal' scheme, govt proposes ₹ 3.6 lakh crore towards piped water supply to households.

- To boost **infrastructure, 9,000 km of economic corridor will be set up.** "Chennai-Bengaluru expressway will also be started. Delhi-Mumbai expressway to be completed By 2023," says FM.
- 550 WiFi facilities have been commissioned at railway stations. 1 lakh gram panchayats to get optical fibre link,. An allocation of **₹ 6,000 crore will be provided for Bharat Net scheme.**
- ₹ 20,000 crore for renewable energy sector in a bid to tackle pollution and climate change. A new scheme of smart meters will be launched
- **100 more airports to be developed by 2025,** says Mrs. Nirmala Sitharaman. The FM also said 1,150 trains will run under the public private partnership (PPP) mode, also four stations will be redeveloped with the help of the private sector. Besides, the minister promised more Tejas type trains to connect tourist destinations. An allocation of ₹ 8,000 crore will be made for National Mission on **Quantum Computing and Technology.**
- Fiscal deficit target pegged at 3.8% of GDP for FY 2019-20. FY21 fiscal deficit target pegged at 3.5% of GDP. Fiscal deficit is considered the most important marker of a government's financial health. Not letting the fiscal deficit go completely out of control has been one of the standout achievements of the Modi government. Government **to sell part holding in LIC.** Besides, govt to also sell stake in IDBI Bank to private investors. That LIC has been identified as a candidate for a potential public listing by the government, **was reported first by** The Indian Express in July 2019. The government's move is a part of efforts to push through an aggressive disinvestment and asset monetisation programme.
- Nominal growth of GDP for 2020-21 has been estimated at 10 per cent, says Mrs. Nirmala Sitharaman.
- To boost investments and shore up the lagging economy, **corporate tax for existing companies slashed to 22 per cent.** Govt proposes 100 per cent tax concession to sovereign wealth funds on investment in infra projects. Moreover, concessional tax rate of 15 per cent extended to power generation companies.
- **Coming to affordable housing now:** Finance Minister Mrs. Nirmala Sitharaman extends additional ₹ 1.5 lakh tax benefit on interest paid on affordable housing loans to March 2021. In another boost, Mrs. Nirmala Sitharaman proposes tax holiday to affordable housing developers.
- **'Vivad se Vishwas' scheme** announced by Mrs. Nirmala Sitharaman for direct tax payers whose appeals are pending at various forum. 4.83 lakh direct cases pending in various appellate forums

Road Ahead

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

India's revenue receipts are estimated to touch ₹ 28-30 trillion (US\$ 385-412 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from to 175 GW by 2022.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern

All the above reforms measures supported by economic legislation as also deletion from the statute large number of archaic legislation should go a long way in improving the image of the Country for ease of doing business and attract higher level of Foreign Direct Investment and capital formation in the economy which should help in the growth of business opportunities for your Company.

NBFC SECTOR:

NBFCs have been regarded as important financial intermediaries particularly for the small-scale and retail sectors. There are two broad categories of NBFCs based on whether they accept public deposits, namely deposit taking NBFCs (NBFC-D) and non-deposit taking NBFCs (NBFC-ND). They play a very important role both from the macroeconomic perspective and the structure of the Indian financial system. NBFCs are preferred or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. In many cases, they offer quick and efficient services without making one to go through the maze of conventional banking formalities without compromising on credit quality. Non-banking finance companies (NBFCs) continued to play a critical role in making financial services accessible to a wider set of India's population. Given their unique business models and, for many, their focus on operational excellence, NBFCs continue to strengthen their position in the financial services space in India.

BUSINESS AND INDUSTRY REVIEW:-

Your Company is a NBFC registered with the RBI to carry out NBFC activities under Section 45(IA) of the Reserve Bank of India Act, 1934 and it is engaged primarily in the business of investing/trading in securities and advancing loans against purchase of two wheeler vehicle. The Company is also involved in providing fund based financial services and funding solutions to the Indian Corporate, institutions, SME's etc. Your Company also focuses on capital market related lending products & others like:

- i. Loan for purchase of two wheeler
- ii. MSME Loans (Small Ticket Loans)
- iii. Co Lending with Large Banks and NBFC 's
- iv. Third Party Loans (Corporate DSA Tie ups)

In the present era of digital revolution, technology has been leaving its indelible mark in several areas, including finance. Your Company believes technology will play a crucial role in making a breakthrough in the NBFC sector for the years to come. The use of technology typically has been confined to calculation of 'credit scores'. Your Company initiated a building own technology for Lending including assessment ,and collection using technology .This Technology will be using several third Party API's for doing customer's credit worthiness using data collected through loan application and other credit verification of the documents of the customer using technology. Your Company believes that its focus on upgrading to Tech based NBFC shall provide a significant competitive advantage in the market and it expects to continue to grow and align itself with the expected general economic and population growth trends and the government's focus on improving the economic standard of this population segment.

Your Company has been involved in providing fund based financial services and funding solutions to the Retail Segment , Indian Corporates, Institutions, SME's etc. Your Company, has also initiated with Direct Lending through Tie ups with Dealers for Two Wheeler Loans and MSME Loans (Small Ticket Loans) . Your Company along with its associates forms an integrated financial services group providing wide range of financial services to its clients such as need based funding, loan syndication, working capital syndication services, CDR advisory, Venture capital funding, project financing advisory, loan securitization and so on. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization.

Your company will do Co-Lending with Banks & Larger NBFC's where Your company will be involved in origination of the Loans and also handle the credit assessments and collections

Your Company have Tie-ups with some of the Top Financial Institutions in India as an Corporate DSA .

FINANCIAL REVIEW

During the year under review, your Company earned the gross income of ₹ 23576 (₹ in 000) as against ₹ 27417 (₹ in 000) in the previous year. The total expenditure during the year under review was ₹ 38988 (₹ in 000) as against ₹ 33938 (₹ in 000) in the previous year. The Net Loss after tax was ₹ (15092) (₹ in 000) as against ₹ (6907) (₹ in 000) in the previous year. Your Directors expects better performance of the Company in the coming years.

KEY FINANCIAL RATIO

Sr No	Name of Ratio	31.03. 2019	31.03. 2020	Key Ratio Analysis
1	Debtors Turnover Ratio	0.00	0.00	-
2	Inventory Turnover Ratio	0.00	0.00	-
3	Interest Coverage Ratio	0.50	(0.31)	On Stand alone basis, the Interest Coverage ratio as on 31st March 20 is -0.309 as against 0.497 as on 31st March 19. The reduction is primarily on reduction in the EBIT to (36.38) lakhs in the current year as from 64.32 in the previous year .
4	Current Ratio	0.48	0.47	-
5	Debit Equity Ratio	0.44	0.49	-
6	Operating profit Margin	23.46%	-15.43%	On Stand alone basis, the Operating Profit Margin as on 31st March 20 is -0.154 as against 0.235 as on March 19. The reduction is primarily on reduction in the EBIT to (36.38) lakhs in the current year as from 64.32 in the previous year .
7	Net Profit Margin	-25.19%	-64.01%	On Stand alone basis, the Net Profit Ratio as on 31st March 20 is (0.64) as against (0.25) as on March 19. The reduction is primarily on reduction in the PAT to (150.92) lakhs in the current year as from (69.07) in the previous year.

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.
- Higher pricing pressure with the risk of increase in weighted average cost of funds
- Depreciation in the rupee and hardening global yields to have risks of effects on overseas Investors

The problem of Non-Performing Assets ("NPA") in the banking sector is expected to peak by March 2020 at approximately 11% of gross banking

advances. This will constrain the banking system from growing in aggregate. The changing behaviour of the retail consumer is reflected in credit off-take becoming increasingly broad-based and Financialisation of savings. All of these factors augur well for Non - Banking Finance Companies ("NBFC"). Inflation decline in the month of February 2018 was only temporary and inflation is expected to remain within RBI's tolerance limits. RBI is, hence, expected to remain neutral on the policy rate front for most part of FY 2019-20, unless there is clearly an oil price based shock to inflation. The Company has a cautiously optimistic outlook for the next financial year. Improving growth dynamics, domestic consumption and infrastructure spending and supportive tailwinds from global growth are likely positives. The Company will be closely watching the monsoons, timing of monetary policy tightening by the large central banks in advanced economies, protectionist tendencies of large global economies as they have the ability to impact liquidity and inflation, both critical variables impacting our largest resource – "Money".

OPPORTUNITIES AND THREATS

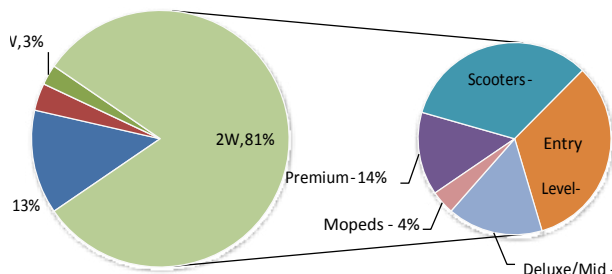
Two-Wheeler Industry

Sector Update

Sector overview

The Indian automobile industry is closely linked to country's Gross Domestic Product (GDP) growth and accounts for 7.1% of the GDP. The industry accounts for 49% of the country's manufacturing GDP and 26% of Industrial GDP. Recently, India has overtaken Germany to become the fourth largest automobile market in the world. Automobile sales, including passenger and commercial vehicles, in India grew by 9.5% YoY in 2017, the fastest among major global markets, to more than 4 mn units, outpacing Germany's 3.8 mn vehicle sales, which rose by a modest 2.8% YoY in the same period (Source: Economic Times dated: Mar 24, 2018). The automobile industry in India is divided in four broad sub segments namely **two wheelers (2W)**, three wheelers (3W), passenger vehicles (PV) and commercial vehicles (CV). Within the overall automobile industry, 2W contributes the most with ~81% in volume terms, followed by PV at ~13% while CV and 3W contributes ~3% each. Scooters, which is more dependent on urban demand, contributes ~33% to total 2W volumes and Motorcycles demand largely traverses across India, contributes ~63% of the total 2W volumes. Entry and mid-level segment in motorcycles are largely dependent on rural areas, which hold nearly ~49% of the overall 2W volumes. However, Premium segment of Motorcycles contributing ~14% of the total 2W volumes are dependent on urban India. Two-wheeler industry in India grew by 14.8% YoY in FY18 with scooters outperforming with 19.9% YoY growth as compared to 13.7% YoY growth in Motorcycle. **Following are some of the key factors, which are either currently affecting or are likely to affect the two-wheeler industry growth going ahead**

Segments of Indian Automobile industry



INDUSTRY AT A GLANCE

India 2-Wheeler Market



Indian 2 Wheeler Market unit sales stood at 21.2 million units in 2020 and would reach sale of 26.6 million units by 2025 displaying a reasonable CAGR of 2.6% over the forecast period (2020-2025).

The two-wheeler industry in India has grown rapidly since the announcement of the process of liberalization in 1991. Previously, there were only a handful of two-wheeler models available in the country. Currently, India is the second largest producer of two-wheelers in the world next only to China. One of the chief factors of more 2W ownership in India is poor public transport facility in many parts of India. Additionally, two-wheelers offer a great deal of convenience and mobility for the Indian family. The change in the government's policy owing to pollution control norms and the Kyoto agreement saw the phasing out of two stroke two-wheelers from production. Currently the top 10 two-wheeler manufacturers in the country includes Bajaj, Hero, Hero, Honda, Royal Enfield, Suzuki, TVS, Mahindra, Piaggio and Yamaha. The latest trend in the two-wheeler market is the introduction of electrically operated 2W from a range of manufacturers such as Indus and Hero. The electric 2W are rechargeable from convenient household electrical points. The only disadvantage is speed, which is restricted to some miles per hour. Motorcycle sales in India skyrocketed over the past few years, making the country the biggest motorcycle market in the World overtaking China since the 2016 and achieving a record volume of 20.2 million units in the 2018. During the 2012-2018 cumulative period, sales stood at more than 100 million bikes, a too fast growth for a country with still poor urban and extra-urban infrastructures. According to the data released by the Society of Indian Automobile Manufacturers (SIAM) two-wheeler domestic wholesales grew by 4.86 per cent in the financial year 2018-19 at 21,181,390 units compared to 20,200,117 units dispatched in the previous fiscal.

Ownership Cost after 3 Years

	E-Bike	Petrol-Bike
Cost of Vehicle	Rs 50,000	Rs 50,000
Range per charge (km/charge) / Mileage (km/ltr)	60 km per charge	50 km per ltr
Maintenance Cost	Rs 3,000	Rs 14,000
Battery Cost	Rs 18,000	Rs 0
Units of Power Consumed/ Liters of Petrol Consumed	612 charges i.e. 730 units of electricity	720 liters of petrol
Fuel/Electricity Cost incurred	Rs 2,920	Rs 46,800
Total cost in 3 years	Rs 73,920	Rs 1,10,800

Motorcycle and scooter sales in India is expected to grow significantly over the analysed period amid positive demand drivers, supported by growing per capita income over the last few years. In Addition, increase in rural income would support motorcycle demand and scooters' demand is expected to be led by rapid urbanisation, increased affordability and greater penetration through targeted product launches.

"Amongst Source Type, ICE (Internal Combustion Engine) segment is projected to hold the largest market share"

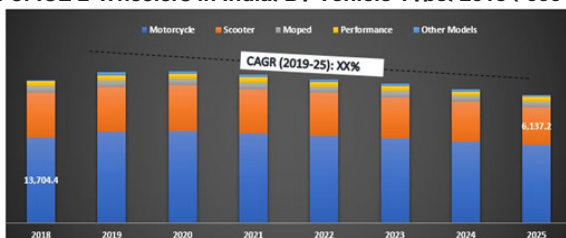
Based on source type, the market is fragmented into ICE (Internal Combustion Engine) and Electric 2-wheeler. ICE segment holds lion's

share in the Indian 2-wheeler market while electric segment expected to grow considerably over the analyzed period. The growth of the electric 2-wheeler market is attributed to the availability of supportive government subsidies, the rising concern towards the environment, as well as introduction of stringent emission norms.

“Amongst ICE Vehicle Type, motorcycle is expected to dominate the market during the analyzed period”

Based on vehicle type, the ICE 2-wheeler market is mainly bifurcated into Motorcycle, Scooter, Moped, Performance Bike and Other Models. Motorcycle sales in India skyrocketed over the past few years, making the country the biggest motorcycle market in the World overtaking China since the 2016. The motorcycle sales in India will continue to follow its trend and will keep dominating the Indian 2-wheeler market

Sales of ICE 2-Wheelers in India. Bv Vehicle Tpye. 2018 ('000 Units)



“Amongst ICE Vehicle Class, Economy segment is expected to dominate the market during the analyzed period”

Based on ICE 2W class type, the Indian 2-wheeler market is mainly bifurcated into Economy, Executive, Premium and Other Models. Economy vehicle segment dominated the market in 2019 and would lead the market during the forecast period.

Competitive Landscape-Top 10 Market Players

Hero MotoCorp, Honda, TVS, Bajaj, Royal Enfield, Yamaha, Suzuki, Piaggio, Mahindra, Kawasaki, Harley Davidson and Triumph are some of the prominent players operating in the Indian 2-Wheeler Market. These companies have entered into several M&A's along with partnerships to facilitate costumers with hi-tech and innovative products.

Reasons to buy:

- Current and future market size from 2020 to 2025 in terms of volume (Unit)
- Combined analysis of deep dive secondary research and input from primary research through Key Opinion Leaders of the industry
- Country level details of the overall adoption of 2-Wheeler
- A quick review of overall industry performance at a glance
- An In-depth analysis of key industry players
- A detailed analysis of government initiative, drivers, restraints, key trends and opportunities prevailing in the industry
- Examination of industry attractiveness with the help of Porter's Five Forces analysis and start ups
- The study comprehensively covers the market across different segments and sub-segments of the market

The NBFC sector in India is large with significant growth potential and has consistently created value for its shareholders. The NBFC sector has a double digit credit market share and has consistently gained market share from banks over the last 10 years.

The growth in the sector appears sustainable as India has a low GDP to credit penetration. Further, many structural factors are supportive of NBFC growth namely weak banks, initiatives of the Reserve Bank of India ("RBI") on policy alignment and latent credit demand in certain segments not catered to by banks. The sector has been delivering on average, approximately 1.5% to 2% better ROEs, as compared to select banks over the last many years. In order for the sector to sustain its advantages, companies in the sector need to grow in a prudent manner

while focusing on automation, financial innovation, analytics, digital and adequate risk management systems and procedures.

The RBI constantly issues new regulations and / or modifies existing regulations endeavouring to balance the multiple objectives of financial stability, consumer and depositor protection and regulatory arbitrage concerns. The RBI, however, implements major changes in a structured manner providing companies operating in the sector adequate time to adapt and adjust Adequate funding, at the right cost and tenure will be critical to achieve business growth. 65 Newer regulatory updates pose a constant challenge for smooth operations of the Company. The Company needs to be equipped to quickly adapt to the constant changes in regulations and competitive landscape. With new entities like payment banks, small banks, new universal banks ,fin-tech companies and P2P Lending entering the market place, the Company needs to maintain its competitive edge through constant adaptation and creating strategies to protect its niche. The implementation of and the IND AS has its own set of challenges and risks for the Company and NBFC sector as a whole.

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.

Your Company has in place, an adequate internal control and internal audit system managed by qualified and experienced people. Main objective of the system is to safeguard the Company's assets against loss through unauthorised use and pilferage, to ensure that all transactions are authorised, recorded and reported correctly and timely, to ensure various compliances under statutory regulations and corporate policies are made on time and to figure out the weaknesses persisting in the system and suggest remedial measure for the same.

The Company has continued its efforts to align all its processes and controls with best practices in these areas. Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

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. The Company is actively working on developing a culture driven by the collective spirit of experience and companywide ownership. Assignment, empowerment and accountability will be the cornerstone of the people lead processes.

CAUTIONARY STATEMENT

Management discussion and analysis report contains statements which are forward looking based on assumptions. Actual results may differ from those expressed or implied due to risk and uncertainties which have been detailed in this report. Several factors as listed in this report could make significant difference to the Company's operations. Investors, therefore, are requested to make their own independent judgments and seek professional advice before taking any investment decisions.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company voluntarily submits the following report:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

We, at KJMC Financial Services Limited, strongly believe in the practice of conducting the business activities in an ethical manner that ensures high level of accountability and trust for all our stakeholders. For us, Corporate Governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value driven growth. We have adopted the best governance practices and disclosure standards leading to enhanced shareholders' value while protecting the interests of all the stakeholders.

Our values reflect our continued commitment to ethical business practices across our operations. The timely disclosures, transparent accountability policies and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long term corporate value. Our actions are governed by our values and principles, viz., integrity, teamwork, client focus, innovation, implementation, performance and partnership, which is reinforced at all, levels across the KJMC Financial group.

We conduct our business in accordance with prevailing statutes and regulations, with due focus on transparent and fair practices, efficiency, customer-orientation and corporate governance principles. We also constantly strive to adopt emerging best practices. It is our constant endeavour to provide the stakeholders' an oversight for strategy implementation, risk management and fulfilment of stated goals and objectives and provide them relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in corporate governance process.

The Company continuously strives at improving and adhering to the good governance practice as stipulated in various legislations viz., Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred to as "the Listing Regulations"), the Companies Act, 2013 (hereinafter referred to as "the Act") and all other applicable rules and regulations.

A report on Corporate Governance as prescribed under the Listing Regulations is given below:

Name of the Director	Category	Number of Board meetings during the year 2019-20		Whether attended last AGM held on September 30, 2019	Number of directorships in other Companies	Number of committee positions held in other public companies*	
		Held	Attended			Chairman	Member
Mr. Inderchand Jain	Promoter & Non Executive Director (Chairman) DIN:00178901	5	4	Yes	6**	1	2
Mr. Rajnesh Jain	Promoter & Executive Director (Whole Time Director) DIN:00151988	5	5	Yes	9**	-	2
Mr. Girish Jain	Promoter & Non Executive Director DIN:00151673	5	5	Yes	6**	-	2
Mr. S.C. Aythora	Independent Director DIN:00085407	5	5	Yes	18	1	3
Mr. Nitin Kulkarni	Independent Director DIN: 02297383	5	5	Yes	2	2	3
Mrs. Shraddha Jain	Non Executive Director DIN: 00156306	4	4	Yes	10	-	-

** The Mumbai bench of the Hon'ble National Company Law Tribunal (NCLT) vide its order dated April 27, 2020 has granted approval for the scheme of amalgamation of KJMC Commodities Market India Limited ("the Transferor Company") with KJMC Capital Market Services Limited ("the Transferee Company") and their respective Shareholders.

2. BOARD OF DIRECTORS

The Directors on the Board of the Company possess varied skills and expertise, have diverse background and possess requisite qualifications and experience which enables them to discharge their responsibilities, provide effective leadership and independent views to the management. The Directors of the Company helps the Company in adhering to high standards of corporate governance practices.

(a) Board Composition & Meetings:

The composition of the Board complies with the provisions of the Companies Act, 2013. As at March 31, 2020 the Board consists of six Directors comprising of three Non-Executive Directors including a woman Director, two Independent Directors and one Executive Director. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business.

The Chairman of the company is a Non-Executive Director. The Independent Directors have confirmed to the Board that they meet the criteria of Independence as specified under Section 149(6) of the Act and that they qualify to be Independent Directors pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. They have further confirmed to the Board that they meet the required criteria for being the independent directors as outlined under Regulation 16(1)(b) of the Listing Regulations.

The Board meetings are held at regular intervals to consider, discuss and approve inter alia, the unaudited and audited standalone and consolidated financial results of the Company, strategy and policy, risk management, competitive scenario, etc.

During the financial year, the Board met Five (5) times during the year on May 22, 2019, August 22, 2019, September 11, 2019, December 9, 2019 and February 13, 2020 the gap between two meetings did not exceed the statutory period laid down by the Companies Act, 2013 and the Secretarial Standard-1 issued by the Institute of Company Secretaries of India i.e. one hundred twenty days. The required quorum was present at all the above meetings. The names and categories of the Directors on the Board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships/ memberships held by them in other public companies as on March 31, 2020 are given herein below.

Notes:

*Position in Audit Committee and Stakeholders Relationship Committee only (excluding Private Limited Company, Foreign Company and Section 8 Company) as provided in Regulation 26(1) of Listing Regulations.

In accordance with Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, none of the directors on the board hold directorships in more than ten public companies and none of them is a member of more than ten committees or chairman of more than five committees across all public companies in which they are directors. In compliance with Section 165 of the Companies Act, 2013, none of the Directors on the Board hold directorship in more than 20 (Twenty) companies at the same time with the directorship in public companies not exceeding 10 (Ten).

The familiarisation programme for Independent Directors in terms of provisions of Listing Regulations is uploaded on the website of the Company: www.kjmcinserv.com.

(b) Board Procedures:

The Agenda for the meetings 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. 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.

The Company adheres to the provisions of the Companies Act, 2013 read with the Rules issued there under, Secretarial Standards and Listing Regulations with respect to convening and holding the meetings of the Board of Directors and its Committees.

The day-to-day management of the Company is entrusted with the Executive Director and the Senior Management Personnel of the Company who function under the overall supervision, director and control of the Board of Directors

3. AUDIT COMMITTEE

The Committee composition and terms of reference are in compliance with the provision of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess requisite qualifications and expertise.

(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 terms of reference of the audit committee have been specified in writing by the Board of Directors of the Company in accordance with section 177 (4) and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(b) Composition & Meetings:

The Committee met Five (5) times during the year on May 22, 2019, August 22, 2019, September 11, 2019, December 09, 2019 and February 13, 2020 and the gap between two meetings did not exceed one hundred twenty days. The necessary quorum was present for all the meetings. The composition of the audit committee and the details of meetings attended by its members are given below:

Name of Director	Category	No. of meetings during the financial year 2019-20	
		Held	Attended
Mr. S. C. Aythora	Chairman – Independent Director	5	5
Mr. Nitin Kulkarni	Independent Director	5	5
Mr. Inderchand Jain	Non Executive Director	5	4

All the member of the Audit Committee are financially literate and have accounting or related financial management expertise. The audit committee invites executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the audit committee. The last Annual General Meeting (AGM) of the Company was held on September 30, 2019 and was attended by Mr. S. C. Aythora, Chairman of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company is constituted in accordance with the Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

(a) Terms of Reference:

The terms of reference of Nomination and Remuneration Committee consists of making recommendations on matters related to remuneration of Directors and Senior Management, review of performance-based remuneration with reference to corporate goals and objectives, frame policy and review the process of succession planning at key levels in the Company and other related matters.

(b) Composition & Meetings:

The Committee met One (1) time during the year on May 22, 2019. The necessary quorum was present at the meeting.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of Director	Category	No. of meetings during the financial year 2019-20	
		Held	Attended
Mr. S. C. Aythora	Chairman –Independent Director	1	1
Mr. Nitin Kulkarni	Independent Director	1	1
Mr. Girish Jain	Non-Executive Director	1	1

(c) Remuneration Policy:

The Nomination and Remuneration Committee is fully empowered to determine/ approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Managing Director/ Whole Time Director after taking into account the financial position of the Company, trends in the industry, qualifications, experience, past performance and past remuneration, etc.

The Company's remuneration policy is directed towards rewarding performance based on review of achievements periodically. The remuneration policy is in consonance with the existing industry practice.

The Independent Director shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board /Committee meetings.

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

Board Governance, Nomination and Remuneration Committee recommend the remuneration for the Whole Time Director, Senior Management and Key Managerial Personnel. The payment of remuneration to Executive Directors is approved by the Board and Shareholders.

(d) Details of sitting fees paid to the Directors for the year ended March 31, 2020:

The remuneration by way of sitting fees for attending Board, Audit Committee, Independent Directors and Nomination & Remuneration Committee Meetings paid to Non-Executive Directors are as follows:

(Amount in ₹)

Name of Director	Sitting Fees			
	Board Meeting	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Independent Directors Meeting
Mr. S.C. Aythora	20000	5000	1000	4000
Mr. Nitin Kulkarni	20000	5000	1000	4000
Mr. Inderchand Jain	16000	4000	-	-
Mr. Girish Jain	16000	-	1000	-
Mrs. Shraddha Jain	16000	-	-	-

(e) Details of remuneration paid to the Executive Directors for the year ended March 31, 2020:

(Amount in ₹)

Name of Director	Salary Basic and allowances	Benefits Perquisites	others	Total	Service contract / Notice period
Mr. Rajnesh Jain	24,00,000	47,27,605	-	78,09,918	Reappointed for a further period of three years w.e.f. 11 th August, 2020.

(f) Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

Name	Number of equity shares
Mr. Inderchand Jain	213000
Mr. Rajnesh Jain	122335
Mr. Girish Jain	122335
Mr. S. C. Aythora	350
Mr. Nitin Kulkarni	250

5. SHARE TRANSFER AND STAKEHOLDERS RELATIONSHIP COMMITTEE

The Share Transfer and Stakeholders Relationship Committee of the Company is constituted in accordance with the Regulation 20 of

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013.

The role and functions of the Share Transfer and Stakeholders Relationship Committee are the effective redressal of grievances of shareholders, debenture holders and other security holders including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. The Committee overviews the steps to be taken for further value addition in the quality of service to the investors.

During the year, One (1) complaint was received from shareholders and have been attended/resolved effectively. As on March 31, 2020, no investor grievance has remained unattended/ pending for more than thirty days.

The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. As on March 31, 2020, no transfer was pending.

The Committee is headed by Mr. Inderchand Jain, Non-Executive Director and consists of the members as stated below. During the year ended on March 31, 2020, four (4) meetings were convened and held on April 05, 2019, April 19, 2019, May 03, 2019, and July 19, 2019.

The composition of the Share Transfer and Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of Director	Category	No. of meetings during the financial year 2019-20	
			Held	Attended
1.	Mr. Inderchand Jain	Chairman (Non-Executive Director)	4	4
2.	Mr. Nitin Kulkarni	Member (Independent Director)	4	4
3.	Mr. Rajnesh Jain	Member (Executive Director)	4	4
4.	Mr. Girish Jain	Member (Non-Executive Director)	4	4

6. INDEPENDENT DIRECTORS MEETING

As stipulated by the Code of Independent Directors under Schedule IV of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Independent Directors of the Company shall hold at least one meeting in a year without the presence of Non-Independent Directors and members of the management. All the independent directors shall strive to be present at such meeting.

The independent directors in their meeting shall, inter alia-

- Review the performance of non-independent directors and the board of directors as a whole;
- Review the performance of the chairperson of the listed entity, taking into account the views of executive directors and nonexecutive directors;
- Assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

Independent Directors met 1 (one) time during the year on February 13, 2020 and attended by all Independent Directors i.e. Mr. S. C. Aythora and Mr. Nitin Kulkarni.

7. CREDIT & INVESTMENT COMMITTEE

In addition to the above referred Committees which are mandatory under the Companies Act 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under the SEBI Guidelines, the Board of Directors has constituted Credit and Investment committee for considering and approving the proposals of investing the funds of the Company and to grant loan or give guarantee or provide security in respect of loans. The committee comprises of Mr. Inderchand Jain, Chairman, Mr. Girish Jain and Mr. Rajnesh Jain as the members of the Credit and Investment Committee.

The composition of the Credit and Investment Committee:

Sr. No.	Name of Director	Category
1.	Mr. Inderchand Jain	Chairman - Non-Executive Director
2.	Mr. Girish Jain	Non-Executive Director
3.	Mr. Rajnesh Jain	Executive Director

During the year, No Meeting of the Credit & Investment Committee was held.

8. DEBENTURE ALLOTMENT COMMITTEE

In addition to the above referred Committees which are mandatory under the Companies Act 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under the SEBI Guidelines, the Board of Directors has constituted Debenture Allotment Committee for considering and approving Allotment of Debentures. The committee comprises of Mr. Inderchand Jain, Chairman, Mr. Girish Jain and Mr. Rajnesh Jain as the members of the Debenture Allotment Committee.

The composition of the Debenture Allotment Committee:

Sr. No.	Name of Director	Category
1.	Mr. Inderchand Jain	Chairman - Non-Executive Director
2.	Mr. Girish Jain	Non-Executive Director
3.	Mr. Rajnesh Jain	Executive Director

During the year, No Meeting of the Debenture Allotment Committee was held.

9. IT STRATEGY COMMITTEE

As per the Master Direction - Information Technology Framework for the NBFC Sector dated 08.06.2017 (Ref. Master Direction DNBS.PPD.No.04/66.15.001/2016-17), NBFC's are required to form IT Strategy Committee on or before 30.09.2018. Therefore the Board constituted the IT Strategy Committee. The said Committee will be responsible for reviewing and amending the IT strategies in line with the corporate strategies, Board policy reviews, cyber security arrangements and any other matter related to IT Governance.

Sr. No.	Name of Director	Category	No. of meetings during the financial year 2019-20	
			Held	Attended
1.	Mr. Nitin Kulkarni	Chairman (Independent Director)	3	3
2.	Mr. Pradeep Poddar	Member (Chief Financial Officer & Chief Information Officer)	3	3
3.	Mr. Sanket Samant	Member (Group Chief Technology Officer)	3	3

During the financial year 2019-2020, three meetings of the IT Strategy Committee were held on the following dates: 22.05.2019, 11.09.2019 and 13.02.2020

Name, designation and address of Compliance Officer:

Akash Anchan
Company Secretary and Compliance officer

KJMC Financial Services Limited
162, Atlanta, 16th Floor, Nariman Point, Mumbai 400 021
Telephone: 022-40945500, Ext: 104 Fax: 91 22 22852892
Email: investor.finance@kjmc.com

10. GENERAL BODY MEETINGS:

i. (a) Annual General Meeting:

The particulars of Annual General Meetings of the Company held in last three years are as under:

Year	AGM	Location	Date	Time
2018-19***	AGM	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai - 400021	30/09/2019	12.15 A.M.
2017-18**	AGM	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai - 400021	22/09/2018	10.45 A.M.
2016-17*	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, ₹F' Road, Marine Lines, Mumbai -400020	23/09/2017	10.45 A.M.

*Special Resolution for the following was passed in AGM held on **September 23, 2017**.

- Pursuant to section 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and rules made there under, for Re-appointment and terms of remuneration payable to, including remuneration to be paid in the event of loss or inadequacy of profits in any of the Financial Year during the tenure of appointment of Mr. Rajnesh Jain (DIN: 00151988), Whole-time Director of the Company, liable to retire by rotation, for a period of 3 (three) years w.e.f. August 11, 2017 to August 10, 2020.
- Adoption of New set of Articles of Association u/s 14 of Companies Act, 2013.

** Special Resolution was passed in AGM held on **September 22, 2018** for Continuation of appointment of Mr. Inderchand Jain, Chairman and Non-Executive Director.

*** Special Resolution pursuant to the provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Re-appointment of Mr. S.C. Aythora (DIN: 00085407), as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 26th September

2019 to 25th September 2024 AND THAT his office shall not be liable to retire by rotation the resolution was passed in the AGM held on **September 30, 2019.**

*** Special Resolution pursuant to the provisions of section 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Schedule IV to the Act and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for Re-appointment of Mr. Nitin Kulkarni (DIN: 02297383), as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 26th September 2019 to 25th September 2024 AND THAT his office shall not be liable to retire by rotation the resolution was passed in the AGM held on **September 30, 2019.**

- (b) **Extra Ordinary General Meeting:**
No extraordinary general meeting of the members was held during the financial year 2019-20.
- (c) **Postal Ballot:**
No postal ballot approval is taken by the members during the financial year 2019-20
- (d) **NCLT Convened meeting**

1. NCLT Convened meeting of Equity Shareholders Meeting of KJMC Financial Services Limited

Pursuant to section 230 to 232 of the Companies Act 2013 In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited (First Transferor Company) and KJMC Investment Trust Company (The Second Transferor Company) with KJMC Financial Services Limited ('the Transferee Company') and their respective shareholders.

With respect to the above the Hon'ble National Company Law Tribunal, Bench at Mumbai ("**NCLT**") had directed a meeting of the equity shareholders of the Applicant Company under the provisions of Sections 230-232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the purpose of considering, the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("**Scheme**").

Pursuant to an Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") order dated 26th day of August 2019 the meeting of the Equity shareholder was held to approve the Scheme of Amalgamation as follow:-

Meeting was convened as follow:

Day	: Monday
Date	: 30 th day of September, 2019
Time	: 1.30 p.m. (13:30 hours)
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021

The Scheme of Amalgamation was approved by the Equity shareholders on 30th day of September, 2019

2. NCLT Convened Meeting of Secured creditors of KJMC Financial Services Limited

Pursuant to section 230 to 232 of the Companies Act 2013 In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited (First Transferor Company) and KJMC

Investment Trust Company (The Second Transferor Company) with KJMC Financial Services Limited ('the Transferee Company') and their respective shareholders.

With respect to the above the Hon'ble National Company Law Tribunal, Bench at Mumbai ("**NCLT**") had directed a meeting of the Secured Creditors of KJMC Financial Services Limited under the provisions of Sections 230-232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the purpose of considering, the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("**Scheme**").

Pursuant to an Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") order dated 26th day of August 2019 the meeting of Secured Creditors of KJMC Financial Services Limited was held to approve the Scheme of Amalgamation as follow:-

Meeting of secured creditors of KJMC Financial Services Limited was convened as follow:

Day	: Monday
Date	: 30 th day of September, 2019
Time	: 2.30 p.m. (14:30 hours)
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021

The Scheme of Amalgamation was approved by the Secured Creditors of KJMC Financial Services Limited on 30th day of September, 2019

3. NCLT Convened Meeting of unsecured creditors of KJMC Financial Services Limited

Pursuant to section 230 to 232 of the Companies Act 2013 In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited (First Transferor Company) and KJMC Investment Trust Company (The Second Transferor Company) with KJMC Financial Services Limited ('the Transferee Company') and their respective shareholders.

With respect to the above the Hon'ble National Company Law Tribunal, Bench at Mumbai ("**NCLT**") had directed a meeting of the unsecured Creditors of KJMC Financial Services Limited under the provisions of Sections 230-232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the purpose of considering, the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("**Scheme**").

Pursuant to an Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") order dated 26th day of August 2019 the meeting of unsecured Creditors of KJMC Financial Services Limited was held to approve the Scheme of Amalgamation as follow:-

Meeting of unsecured creditors of KJMC Financial Services Limited convened as follow:

Day	: Monday
Date	: 30 th day of September, 2019
Time	: 4.30 p.m. (16:30 hours)
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021

The Scheme of Amalgamation was approved by the Unsecured Creditors of KJMC Financial Services Limited on 30th day of September, 2019

4. NCLT Convened Meeting of unsecured creditors of KJMC Investment Trust Company Limited

Pursuant to section 230 to 232 of the Companies Act 2013 In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited (First Transferor Company) and KJMC Investment Trust Company (The Second Transferor Company) with KJMC Financial Services Limited (the Transferee Company) and their respective shareholders.

With respect to the above the Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") had directed a meeting of the unsecured Creditors of KJMC Investment Trust Company Limited under the provisions of Sections 230-232 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for the purpose of considering, the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("Scheme").

Pursuant to an Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") order dated 26th day of August 2019 the meeting of unsecured Creditors of KJMC Investment Trust Company Limited was held to approve the Scheme of Amalgamation as follow:-

Meeting of unsecured creditors of KJMC Investment Trust Company Limited convened as follow:

Day	: Monday
Date	: 30 th day of September, 2019
Time	: 3.30 p.m. (15:30 hours)
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021

The Scheme of Amalgamation was approved by the Unsecured Creditors of KJMC Investment Trust Company Limited on 30th day of September, 2019.

11. DISCLOSURES

- i. None of the transactions with any of the related party are in conflict with the interest of the Company at large. The board has approved a policy for related party transactions which has been uploaded on the Company's website.
- ii. The Company has complied with all the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other Statutory Authorities.
- iii. The Company has adopted Whistle Blower Policy/Vigil Mechanism for Directors and Employees to report concerns about unethical behaviour. No person has been denied access to the audit committee. The said policy has also been put up on the website of the Company.
- iv. The Company has also adopted policy for Determination of Materiality of Events and Information and Policy on Preservation of Documents. The said policies have also been put up on the website of the Company.
- v. There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on it by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during the previous three financial years.

12. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes relations between the management and shareholders. The Company regularly interacts with its shareholders through multiple channels of communication.

a. Quarterly Results

The Company has promptly reported all material information including quarterly results to BSE Limited, where the Company's securities are listed. The quarterly, half-yearly and annual results of the Company are published in national and regional newspapers in India which include Free Press Journal and Nav Shakti. The Company also sends the financial results to the Stock Exchange immediately after its approval by the Board. These results are simultaneously posted on the website of the Company. No presentations were made to the Institutional Investor's or analysts during the year under review.

b. Website

The Company's website viz., www.kjmcfin serv.com provides information about the businesses carried on by the Company, its subsidiaries and associate. It is the primary source of information to all the stakeholders of the Company and to general public at large. It also contains a separate dedicated section on Investor Relations. Financial Results, Annual Reports, Shareholding Pattern, Official News Releases various policies adopted by the Board and other general information about the Company and such other disclosures as required under the Listing Regulations, are made available on the Company's website.

c. Annual Report

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the shareholders of the Company prior to the Annual General Meeting. The Report on Management Discussion and Analysis forms part of this Annual Report. The Annual Report of the Company is also available on its website and also on the website of BSE.

d. Designated Exclusive Email-ID

The Company has designated an email id exclusively for its shareholders viz., investor.finance@kjmc.com for the purpose of registering complaints by investors and the same is displayed on the Company's website.

e. Price Sensitive Information

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders/investors are promptly intimated to the Stock Exchanges in terms of the Company's Policy for Determination of Materiality of Events/Information and the Listing Regulations.

13. GENERAL SHAREHOLDER'S INFORMATION

i. Annual General Meeting scheduled to be held:

Date	: December 24, 2020
Time	: 11.00 a.m.
Venue	: Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point , Mumbai – 400 021.

ii. Financial year:

The Company follows the period of April 01 to March 31, as the Financial Year. Tentative Financial calendar for the financial year 2020-21 is as under:

Financial Reporting for the Financial Year 2020-21	Tentative month of reporting
Un-audited Financial Results for the quarter ending June 30, 2020	On or before September 15, 2020 (Due to COVID-19 extension granted by SEBI)
Un-audited Financial Results for the quarter and half year ending September 30, 2020	On or before November 14, 2020
Un-audited Financial Results for the quarter and nine months ending December 31, 2020	On or before February 14, 2021
Audited Financial Results for the quarter and year ending March 31, 2021	On or before May 30, 2021

iii. Book Closure:

The Register of Members and Share Transfer Books will remain closed from Friday, December 18, 2020 to Thursday, December 24, 2020 (both days inclusive) for the purpose of AGM.

iv. Dividend Payment Date

No dividend recommended on the Equity Shares of the Company.

v. Listing of Equity Shares on Stock Exchanges:

Equity Shares of the Company are listed on BSE Limited (BSE). Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Annual listing fees for the financial year 2020-2021 have been paid to the BSE Limited, Mumbai.

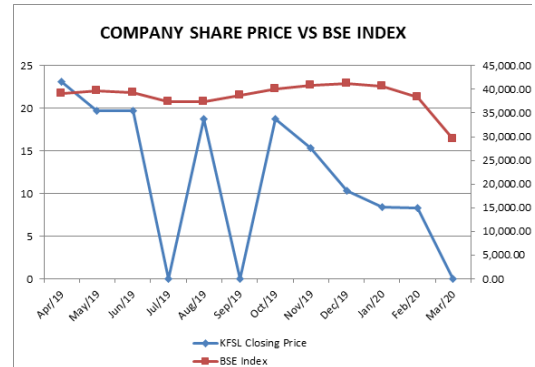
vi. Stock Code:

- (i) BSE Limited, Mumbai (BSE): 530235
- (ii) ISIN: INE533C01018

vii. Stock Price Data:

Month wise high and low price of the Company's Shares at BSE Limited (BSE) from April, 2019 to March, 2020 are as under:

Month	BSE Limited (BSE)	
	High (₹)	Low (₹)
April, 2019	23.10	21.00
May, 2019	18.90	19.70
June, 2019	19.70	19.70
July, 2019	-	-
August, 2019	19.00	18.75
September, 2019	-	-
October, 2019	18.75	18.75
November, 2019	18.65	15.35
December, 2019	14.60	10.35
January, 2020	10.35	8.46
February, 2020	8.30	8.30
March, 2020	-	-

viii. Performance of the share price of the Company in comparison to the BSE Sensex:

ix. Registrar & Transfer Agent:

Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai 400059, Tel. No.022-62638200, Fax No.022-62638299, email id: investor@bigshareonline.com.

x. Share Transfer System:

Shares sent for transfer in physical form to R&T Agents, are registered and returned within statutory time limit from the date of receipt, provided the documents meet the stipulated requirement of statutory provisions in all respects. The Company obtains, from a Company Secretary in Practice, half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the Listing Regulations, and files a copy of the same with the Stock Exchanges. The Share Transfer Committee meets generally as and when required basis to consider the transfer proposals.

xi. Shareholding as on March 31, 2020:
a. Distribution of shareholding as on March 31, 2020.

Category (Shares)	Number of Shareholders	% of Total	Shares	% of Total	
1	500	3471	96.34	265588	5.55
501	1000	49	1.36	38016	0.79
1001	2000	19	0.52	28970	0.61
2001	3000	6	0.17	14616	0.31
3001	4000	7	0.19	23470	0.49
4001	5000	7	0.19	33700	0.70
5001	10000	13	0.36	91032	1.90
10001	9999999999	29	0.80	4290348	89.65
	Total	3614		47857400	100.00

b. Shareholding pattern as on March 31, 2020

The shareholding of different categories of the shareholders as on March 31, 2020 is given below:

Category	Number of shares	Percentage %
Promoter and Promoters Group	3306977	69.10
Directors, their Relatives	600	0.01
Central / State Govt (s)	0	0
Bodies Corporate	418705	8.75
Financial Institutions/Banks	65400	1.37
Foreign Investors (FIIs/NRIs/ OCBs/ Foreign Bank/ Foreign Corporate Bodies)	618	0.01
Others	993440	20.76
TOTAL	47857400	100

xii. De-materialisation of Shares

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from January 29, 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on March 31, 2020, out of total Equity Capital 4785740 Equity Shares, 4504309 Equity Shares representing 94.12% of the total Equity Shares are held in de-materialized form with NSDL and CDSL.

xiii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs / ADRs or any Warrants in the past and hence as on March 31, 2020, the Company does not have any outstanding GDRs / ADRs or any Warrants.

xiv. Plant Locations:

The Company is engaged in financial services business and does not have any plant.

xv. Address for correspondence:

KJMC Financial Services Limited
162, Atlanta, 16th Floor,
Nariman Point, Mumbai - 400 021.
Tel: 022-40945500 Fax: 022-22852892
Email: investor.finance@kjmc.com

14. OTHER INFORMATION

i. Prevention of Insider Trading Code:

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, inter alia, required to amend/formulate the following:

- Code of Conduct to Regulate, Monitor and Report trading by Designated Persons
- Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'
- Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)
- Whistle Blower Policy to enable reporting in case of leak of UPSI

All the Directors, employees at Senior Management and other employees who could have access to the unpublished price sensitive information of the Company shall be governed by this code.

The Audit Committee reviews cases of non-compliances, if any, and makes necessary recommendations w.r.t. action taken against such defaulters. The said non – compliances are promptly intimated to SEBI. The Code of Conduct to Regulate, Monitor and Report trading by Designated Persons, Code of Fair Disclosure & Conduct and Whistle Blower Policy have been uploaded on website of the Company

ii. CEO/CFO Certification

Whole Time Director/Chief Financial Officer (CFO) have issued certificate as specified in Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the financial year ended March 31, 2020 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs.

iii. Compliance with Mandatory Requirements and adoption of Non-Mandatory Requirements

The Company has complied with all mandatory requirements of the listing regulations.

iv. Modified/ Unmodified opinion(s) in audit report

The Company is in the regime of financial statements with unmodified audit opinion.

v. Separate posts of chairperson and chief Executive Officer

The Chairman is not the Chief Executive officer or Managing Director of company

vi. Reporting of Internal Auditor

The Internal Auditor reports directly to the Audit Committee

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance with the provisions of the code of conduct for the financial year ended on March 31, 2020.

Rajesh Jain
Whole Time Director
DIN : 00151988

Place : Mumbai
Date : November 13, 2020



Independent Auditor’s Report

To the Members of KJMC Financial Services Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **KJMC Financial Services Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, including the Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the standalone Ind AS financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions

of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.

Emphasis of Matter

We draw attention to note 42 of the standalone Ind AS financial statements which describes the uncertainty caused by Novel Corona virus (COVID-19) pandemic with respect to the Company’s estimate of the impairment of loans to customers and that such estimate may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

1) Impairment of Investments	
<p>Where impairment indicators have been identified, the quantification of impairment in the carrying value of investments is considered to be a risk area due to the judgmental nature of key assumptions. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The most significant judgements are:</p> <ul style="list-style-type: none"> • Timely identification of diminution in the value of investments. • Proper estimation of fair market value in respect of listed and unlisted investments. 	<p>Auditor’s Response</p> <p>Tested the design and effectiveness of internal controls implemented by the management for following:</p> <ul style="list-style-type: none"> • Identification of any diminution in the value of investments. • Collection of relevant data to estimate the fair market value of investments at the balance sheet date • To ascertain the sufficiency of amount of provision in case of diminution in value of investments • Management’s judgement applied for the key assumptions used for the purpose of determination of impairment provision • Completeness and accuracy of the data inputs used • We critically assessed and tested the key underlying assumptions and significant judgements used by management. • For investments identified by management as potentially impaired, examined the same and checked the calculation of the impairment • Examined the investments which had not been identified by management as potentially impaired and formed our own judgement as to whether that was appropriate through examining available information.
2) Impairment of financial assets as at the balance sheet (Expected Credit Losses)	
<p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events,</p>	<p>Auditors Response</p> <ul style="list-style-type: none"> • Read and assessed the Company’s accounting policies for impairment of financial assets and their compliance with Ind AS 109 • Read and assessed the Company’s policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.

<p>current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances. In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"> • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/minimal historical defaults. 	<ul style="list-style-type: none"> • Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the Management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
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Other Information

The other information comprises the information included in the Annual Report, but does not include the standalone Ind AS financial statements and our auditor's report thereon. The Company's Board of Directors is responsible for the other information.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements

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

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

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

and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matters

The financial statements of the Company for the year ended March 31, 2019 were audited by another auditor whose report dated May 22, 2019 expressed an unqualified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015, as amended.

- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For V.P. Thacker & Co.
Chartered Accountants
Firm Registration No: 118696W

Abuali Darukhanawala
Partner
(Membership No: 108053)
UDIN No: 20108053AAAHK1322

Place: Mumbai
Date: July 15, 2020

Annexure A to Independent Auditor's Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone Ind AS financial statements for the year ended on March 31, 2020]

- i. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the Management at reasonable intervals during the year. No material discrepancies were noticed on such verification.
(c) The title deeds of immovable properties are held in the name of the Company.
- ii. The Company does not have inventory. Accordingly, clause 3 (ii) of the Order are not applicable.
- iii. The Company had granted an unsecured loan to a Company covered in the register maintained under section 189 of the Companies Act, 2013.
 - (a) In our opinion, the terms and conditions on which the loan had been granted to the company listed in the register maintained under Section 189 were not, prima facie, prejudicial to the interest of the Company.
 - (b) the schedule of repayment of principal and payment of interest had been stipulated and the repayment of the principal amount and the interest were regular;
 - (c) There is no overdue amount in respect of loan granted to such company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans given, investments made, guarantees and security given by the Company.
- v. The Company has not accepted any deposit from the public and consequently the directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, with regard to the deposits accepted from the public are not applicable to the Company.
- vi. We are informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, goods and services tax, duty of customs, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of above which were outstanding, as at March 31, 2020 for a period of more than six months from the date on which they became payable.
(b) According to the information and explanations given to us, there are no dues of income tax, goods and services tax, duty of customs, which have not been deposited on account of any dispute.
- viii. Based on our audit procedure and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to financial institution or bank. The Company does not have any outstanding debentures.
- ix. Based on our audit procedure and according to the information and explanations given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. However, the Company has ₹ 2.5 crores through private placement by issue of 25,000, 12% secured, unlisted, redeemable, non-convertible, debenture of face value of ₹ 1,000 each.
- x. According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company or on the Company by any of its officers or employees noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS financial statements etc. as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. According to the information and explanations given to us, pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him / her.
- xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

For V.P. Thacker & Co.
Chartered Accountants
Firm Registration No: 118696W

Abuali Darukhanawala
Partner
(Membership No: 108053)
UDIN No: 20108053AAAHK1322

Place: Mumbai
Date: July 15, 2020

Annexure B to the Independent Auditors Report

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone Ind AS financial statements for the year ended on March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of KJMC Financial Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to these standalone Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these standalone Ind AS financial statements

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these standalone Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.P. Thacker & Co.

Chartered Accountants
Firm Registration No: 118696W

Abuali Darukhanawala

Partner
(Membership No: 108053)
UDIN No: 20108053AAAAHK1322

Place: Mumbai
Date: July 15, 2020

BALANCE SHEET AS AT March 31, 2020
CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	NOTE NO.	As At 31.03.2020	As At 31.03.2019	As At 01.04.2018
ASSETS				
Financial Assets				
(a) Cash and cash equivalents	4	1,306	566	563
(b) Bank Balance other than (a)	5	68,400	68,400	1,400
(c) Derivative Financial Instrument		-	-	807
(d) Loans	6	66,197	58,025	53,007
(e) Investments	7	2,17,183	2,28,344	3,40,139
(f) Other Financial Assets.	8	22,172	22,255	20,931
Non-Financial Assets				
(a) Current Tax Assets	9	6,065	4,923	3,390
(b) Deferred Tax Assets (Net)	10	13,709	13,389	13,729
(c) (i) Property, Plant & Equipment	11	3,606	3,715	2,196
(ii) Intangible assets		31	-	-
(d) Other Non Financial Assets.	12	314	363	128
Total assets		3,98,983	3,99,980	4,36,290
Financial Liabilities				
(a) Payables				
(i) Other Payables				
(A) Micro & Small Enterprises		-	-	-
(B) Others	13	484	318	253
(b) Debt Securities	14	25,000	-	-
(c) Borrowings(other than Debt Securities)	15	93,125	1,08,684	1,09,662
(d) Deposits	16	11,500	11,747	11,747
(e) Other Financial Liabilities	17	2,450	2,349	668
Non-Financial Liabilities				
(a) Provision	18	750	554	448
(b) Other Non Financial Liabilities	19	761	525	653
(c) Deferred Tax Liabilities (OCI)	20	22,448	28,563	31,552
Equity				
(a) Equity Share Capital	21	47,857	47,857	47,857
(b) Other Equity	22	1,94,608	1,99,383	2,33,450
Total liabilities and equity		3,98,983	3,99,980	4,36,290

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 44

As per our report of even date attached
For V. P. Thacker & Co.
Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary



KJMC FINANCIAL SERVICES LIMITED

PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	NOTE NO.	For the year Ended 31.03.2020	For the year ended 31.03.2019
Interest Income	23	10,860	13,458
Profit on Sale of Investments - MF		206	893
Net gain on Fair Value Changes		51	1,227
Professional Fees Income		1,513	-
Dividend Income	24	3,481	2,204
Processing & Documentation Fees		1,051	1,733
Gain on Equity Investments		768	3,926
Revenue from Operations		17,930	23,441
Other Income	25	5,646	3,976
Total Revenue		23,576	27,417
Expenses:			
Finance Costs	26	11,774	12,953
Employee Benefits Expenses	27	14,319	10,156
Depreciation and Amortization Expenses	11	2,939	897
Other Expenses	28	9,956	9,932
Total Expenses		38,988	33,938
Profit Before Tax		(15,412)	(6,521)
Tax Expense:			
(1) Current tax		-	1,835
(2) Deferred tax		(320)	340
(3) MAT Credit		-	(1,836)
(4) Earlier Period Taxes		-	47
		(320)	386
Profit for the Year		(15,092)	(6,907)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Profit / (Loss) on Sale of Investments (Equity)		(927)	(223)
Remeasurement gains/(losses) on defined benefit plans		(63)	6
Net Gain / (Loss) on Fair Value Changes		5,192	(29,932)
Tax impact on above		6,115	2,989
Other comprehensive income for the year (net of tax)		10,317	(27,160)
Total		(4,775)	(34,067)
Earnings per Equity Share: (₹)			
(1) Basic		(3.15)	(1.44)
(2) Diluted		(3.15)	(1.44)

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 44

As per our report of even date attached

For V. P. Thacker & Co.

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala

Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

**For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED**

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Cash Flow from Operating Activities		
Net Profit Before Tax	(15,412)	(6,521)
Adjustment for:		
Depreciation & amortisation	134	897
Profit on Sale of Asset	-	(362)
Sundry Credit Balance Written Back	(247)	-
Profit of Merged Entity	-	2,707
Goodwill Charged to Reserves	-	(10,763)
Addition/(Reversal) of Provision of Standard Assets	21	11
Interest and Financial Charges	11,774	12,953
Operating Profit Before Working Capital Changes	(3,730)	(1,078)
Changes in Working Capital		
(Increase)/Decrease in Loans	(8,171)	(5,017)
(Increase)/Decrease in other financial assets	83	(20,331)
(Increase)/Decrease in other non financial assets	49	(236)
Increase/(Decrease) in other payables	166	65
Increase/(Decrease) in other financial liabilities	101	1,779
Increase / (Decrease) in Deposit (Liability)	-	(9,752)
Increase / (Decrease) in provisions	112	(9)
Increase/(Decrease) in other non financial Liabilities	236	(127)
(Increase)/ Decrease in Net Current Assets	(7,424)	(33,628)
Cash generated from Operations	(11,154)	(34,706)
Direct taxes paid (Net of refund)	(1,142)	(1,806)
Cash Flow Before Extraordinary Items	(12,296)	(36,512)
Extraordinary Items		
Net Cash flow from Operating Activities	(12,296)	(36,512)
Cash Flow from Investment Activities		
Purchase & Sale of Shares/ units (Net)	11,212	(1,230)
Net (gain)/loss on Equity instruments at fair value through OCI	-	1,63,794
Net (gain)/loss on Equity instruments at fair value through OCI	4,265	(30,155)
Net (gain)/loss on Equity instruments at fair value through OCI	4,265	1,33,639
Net (gain)/loss on Equity instruments through FTPL	(51)	(1,227)
Purchase of Property Plant & Equipment	(57)	(2,555)
Sale of Fixed Assets	-	500
Net Cash Flow from Investing Activities	15,369	1,29,127
Cash Flow From Financing Activities		
Borrowings other than debt securities issued (net)	(15,559)	(10,979)
Debt Securities	25,000	-
Interest and Financial Charges	(11,774)	(12,953)
Net Cash Flow from Financing Activities	(2,333)	(23,932)
Net Increase in Cash and Cash Equivalents	740	68,683
Cash and Cash Equivalents at the beginning of the Year *	68,966	283
Cash and Cash Equivalents at the close of the Year *	69,706	68,966
* Cash and Cash Equivalents comprise of :		
Cash & Cash Equivalent	1,306	566
Bank Balance other than above	68,400	68,400
Total	69,706	68,966

Note:-

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS -7 Statement of Cash Flows

As per our report of even date attached
For V. P. Thacker & Co.

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

Notes to standalone financial statements for the year ended 31 March 2020

1. Corporate information

KJMC Financial Services Ltd. ('the Company', 'KFSL') is a company limited by shares, incorporated on 29 June 1988 and domiciled in India. The Company is engaged in the business of lending. KFSL has a diversified lending portfolio across retail, MSME and commercial customers with a presence in Mumbai, Sangli and Ahmedabad. The Company has its registered office at Atlanta Society, Nariman Point, Mumbai, Maharashtra and its principal place of business is at 162, Atlanta Society, 16th floor, Nariman Point, Mumbai, Maharashtra, India.

The Company is a NBFC Non Deposit Accepting or Holding, classified as Investment Company in terms of Circular No. DNBS.PD, CC No.85/03-02-89/2006-07 dt. December 6, 2006. It is a Non deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 5 March 1998, with Registration No. B-13.01633.

The audited financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 15th July 2020, Board of Directors of the Company approved and recommended the audited financial statements for consideration and adoption by the shareholders in its annual general meeting.

2. Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company issued by RBI from time to time. The financial statements have been prepared on a going concern basis. The Company uses accrual basis of accounting except in case of significant uncertainties

For all periods up to and including the year ended 31 March 2019, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2020 are the first the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in note no. 39.

2.1 Presentation of financial statements

The Company presents its Balance Sheet in order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future

event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.

- Fair value of financial instruments [Refer note no. 3.12,]
- Effective Interest Rate (EIR) [Refer note no. 3.1(i)]
- Provision for tax expenses [Refer note no. 3.5(i)]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.6].

3 Summary of significant accounting policies

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

3.1 Income

(i) Interest income

Interest, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments such as Loan and finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for where income is recognised only when realised and, interest income, where income is recognised when right to receive payment is established. Income is not recognized in respect of Non Performing Assets, if any, as per guidelines for prudential norms prescribed by Reserve bank of India. (RBI), Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation.

Interest on loans given to customers/borrowers are recognised at the contractual rate of interest

(ii) Dividend income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

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

(a) Fees and commission

The Company recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery. Processing Fees collected from the customers is apportioned over the tenor of the loan.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Investments are subsequently measured at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), as applicable. The Company recognises gains/losses on fair value change of investments measured as FVOCI or FVTPL which is irreversible and even the realised gains/losses on subsequent sale of investments are recognized through FVOCI or FVTPL as applicable.

(c) Recoveries of financial assets written off

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

(iv) Taxes.

Incomes are recognised net of the Goods and Services Tax/ Service Tax, wherever applicable.

3.2 Expenditures

(i) Finance costs

Borrowing costs on deposits taken are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Taxes.

Expenses are recognised net of the Goods and Services Tax/ Service Tax, except where credit for the input tax is not statutorily permitted.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and balance with banks in current account

3.4 Financial instruments

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

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognises the financial instruments on settlement date

(i) Financial Assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement.

All financial assets are recognised initially at cost including transaction costs that are attributable to the acquisition of financial assets

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories

- (a) Debt instruments at FVOCI
- (b) Debt & Equity instruments at FVTPL
- (c) Equity instruments designated at FVOCI

(a) Debt instruments at FVOCI

The Company subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss.

(b) Debt and Equity instruments at FVTPL

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

The Company's investments into equity(trading portfolio), mutual funds, Government securities (trading portfolio) and certificate of deposits for trading have been classified under this category.

(c) Equity investments designated under FVOCI

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Company has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments.

Impairment of financial assets

ECL are recognised for financial assets held under loan portfolio

Financial assets where no significant increase in credit risk

has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, provision in the case of loan portfolio is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months. As the company has recently ventured into the lending business, due to lack of sufficient data on behavioral trends of borrowers, the company continues to provide for ECL@0.25% on loan portfolio which are in Stage I. The entire loan portfolio of the company is under stage 1 only.

In the event of a significant increase in credit risk, additional provision would be required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL')

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

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired (stage 3)

The Company recognizes a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 180 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 120 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the identified homogenous portfolios.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The company continues to provides for ECL@0.25% of the aggregate of the loan portfolio under stage 1 till an estimated percentage of defaults are arrived at based on sufficient data in respect of behavioural patterns of customers

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings .

Initial measurement

All financial liabilities other than Deposits taken are recognised at cost. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all deposits taken subsequently measured at Net Present Value using the EIR [Refer note no. 3.1(i)]. Any gains or losses arising on derecognition of liabilities are recognized in the Statement of Profit and Loss.

Derecognition

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(IV) Investment in subsidiaries

Investment in subsidiaries is recognized at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investment.

The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/ amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

3.5 Taxes

(a) Current tax

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

Current tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either

in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in OCI or in other equity.

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

3.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

- (a) Depreciation is provided on a pro-rata basis for all tangible assets on written down value method over the useful life of assets.
 - (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
 - (c) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (V) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or

disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

3.7 Intangible assets and amortisation thereof

Intangible assets, representing website development expenses are initially recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment. The intangible assets are amortized using the straight line method over a period of three years, which is the Management's estimate of its useful life.

3.8 Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

3.9 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.10 Foreign currency translation

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

Initial recognition

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

Conversion

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

Exchange differences

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

3.11 Retirement and other employee benefits

(a) Gratuity

The company has not created any Gratuity Fund to which payment for present liability of future payment of gratuity can be made. However, provision for gratuity is made in the books

based on the actuarial valuation report provided by an approved valuer. The actuarial liability as determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and losses through remeasurements of the net defined benefit liability/assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Provident fund

Provident Fund Contributions are made to Recognized Provident Fund.

3.11 Leases

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

Measurement of Lease Liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's cost of borrowing. Subsequently, the lease liability is –

- (i) increased by interest on lease liability;
- (ii) reduced by lease payments made; and
- (iii) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's cost of borrowing w.r.t said

lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company."

3.12 Fair value measurement

The Company measures its Investments and Deposits (Both Given and Taken) at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value measurement has been done for investments and Deposits (Both Given and Taken). Listed investments have been valued at the market price at which the respective investments were quoting as on 31.03.2020. Unlisted investments have been valued on the basis of the valuation certificates issued by an approved valuer. Both deposits given and taken have been valued at the Net present value applying the EIR method as explained in 3.1

(₹ in '000's)			
Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -4 : Cash and cash equivalents			
Cash in Hand	110	45	32
Balance with Banks			
- In Current Accounts	1,196	521	531
Total	1,306	566	563
Note -5 : Bank Balance			
Other Bank Balances			
- On Deposit Accounts			
With Less than 12 month's maturity	68,400	68,400	1,400
Total	68,400	68,400	1,400
Note -6 : Loans			
(Good unless otherwise stated)			
Secured			
Against hypothecation of automobiles.	45,876	47,076	19,138
Less - Impairment Loss allowance	-	-	-
Total A	45,876	47,076	19,138

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(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Unsecured Others			
Loans to Others (Unsecured, Considered good)	9,551	9,999	29,942
Loans to Others (Secured by Pledge of Securities)	-	-	2,027
Related Parties :			
- Unsecured, Considered good	-	-	-
Loans to Related Party (Rate of Interest 14%)	10,770	950	1,900
Less - Impairment Loss allowance	-	-	-
Total B	20,321	10,949	33,869
Total A+ B	66,197	58,025	53,007
Note - Unsecured Loan given to related party @ 14 p.a			
Note - 7: Investments			
(A) At Cost			
Investment in Wholly Owned Subsidiary	1,000	1,000	1,000
Investment in Associates	12,635	12,635	12,673
	13,635	13,635	13,673
(B) At fair value through Other Comprehensive Income			
(i) In equity instruments			
Equity Shares	80,104	83,606	91,360
Add: Fair value gains/(losses)	1,16,277	1,19,543	1,63,991
0% CCDs	3,278	2,896	3,000
Add: Fair value gains/(losses)	397	382	(104)
	2,00,056	2,06,427	2,58,247
(C) At fair value through Other Profit & Loss			
i) Mutual Fund	38	3,035	62,538
Add: Fair value gains/(losses)	-	135	4,173
Equity Shares	3,973	4,933	1,725
Add: Fair value gains/(losses)	(519)	179	(217)
	3,492	8,282	68,219
Grand Total (A+B+C)	2,17,183	2,28,344	3,40,139
Out of the above			
In India	2,17,183	2,28,344	3,40,139
Outside India	-	-	-
	2,17,183	2,28,344	3,40,139
Note -8 : Other Financial Assets			
Advances recoverable in cash or kind or for value to be received (Unsecured, considered good)	1,637	1,719	395
Loan to related Party	-	-	-
Security Deposits (Unsecured, considered good)	20,473	20,395	20,529
Interest accrued and impact of EIR	56	134	-
Other	6	7	7
Total	22,172	22,255	20,931

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -9 : Current Tax Assets			
Advance Income Tax	5,704	4,562	2,990
Less: Provision for Taxation	(3,746)	(3,746)	(1,790)
MAT credit Entitlement	4,107	4,107	2,190
	6,065	4,923	3,390
Note -10 : Deferred Taxation			
Deferred Tax Assets			
Business Loss	12,393	12,393	4,910
Unabsorbed Depreciation	409	409	409
Unabsorbed Long Term Capital Loss	470	470	8,302
Fixed Assets (Diff in W.D.V)	301	116	108
Disallowance u/s 43B of the Income Tax, 1961	135	-	-
	13,708	13,388	13,729
Deferred Tax Liability			
Fixed Assets	-	-	-
Deffered tax Asset/(Liability)-Net	13,708	13,388	13,729
Changes in Deffered Tax Assets Recorded in Profit & Loss			
Defferd tax related to the following			
Business Loss	-	7,483	-
Unabsorbed Depreciation	-	-	-
Unabsorbed Long Term Capital Loss	-	(7,831)	-
Fixed Assets (Diff in W.D.V)	185	8	-
Gratuity	135	-	-
	320	(340)	-

Note -11 : Property, Plant, Equipment and Intangible Asset

Description	Gross Block				Depreciation				Net Block	
	As on 1.04.2019	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2020	As on 1.04.2019	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2020	As on 31.03.2019
Building	10,849	-	-	-	10,849	9,355	273	-	9,628	1,221
Computers	586	38	-	-	624	445	118	-	563	61
Furniture & Fixtures	6,646	-	-	-	6,646	6,564	5	-	6,569	77
Office Equipments	2,217	19	-	-	2,236	2,183	12	-	2,195	41
Vehicles	2,397	-	-	-	2,397	434	861	-	1,295	1,102
Right of Use	-	2,759	-	-	2,759	1,655	1,655	-	1,655	1,104
Total (A)	22,695	2,816	-	-	25,511	18,981	2,924	-	21,905	3,606

Fixed Assets - Intangible

Description	Gross Block				Depreciation				Net Block	
	As on 1.04.2019	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2020	As on 1.04.2019	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2020	As on 31.03.2019
Computer Software	36	44	-	-	80	36	13	-	49	31
Right of Use	-	-	-	-	-	-	-	-	-	-
Total (B)	36	44	-	-	80	36	13	-	49	31
Total (A+B)	22,731	2,860	-	-	25,591	19,017	2,937	-	21,954	3,637

Note -11 : Property, Plant, Equipment and Intangible Asset

Description	Gross Block				Depreciation				Net Block	
	As on 1.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 1.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2018
Building	10,849	-	-	-	10,849	9,021	334	-	9,355	1,494
Computers	448	138	-	-	586	369	76	-	445	141
Furniture & Fixtures	6,646	-	-	-	6,646	6,555	9	-	6,564	82
Office Equipments	2,198	19	-	-	2,217	2,170	12	-	2,182	35
Vehicles	2,792	2,397	2,792	-	2,397	2,622	466	2,654	434	1,963
Total (A)	22,933	2,554	2,792	-	22,695	20,737	897	2,654	18,980	3,715

Fixed Assets - Intangible

Description	Gross Block				Depreciation				Net Block	
	As on 1.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 1.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2018
Computer Software	36	-	-	-	36	36	-	-	36	-
Right of Use	-	-	-	-	-	-	-	-	-	-
Total (B)	36	-	-	-	36	36	-	-	36	-
Total (A+B)	22,969	2,554	2,792	-	22,731	20,773	897	2,654	19,016	2,196

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -12 : Other Non Financial Assets			
Other	314	363	128
	314	363	128
Note - 13 Payables			
(I) Trade Payables			
(A) Micro & Small Enterprises	-	-	-
(B) Others	-	-	-
(II) Other Payables			
(A) Micro & Small Enterprises	-	-	-
(B) Others	484	318	253
	484	318	253
* Includes payable to related parties 1.69 Lac (Previous year Nil).			
Note - 14 Debt Securities			
At amortised cost			
Secured			
12% Non Convertible Debenture	25,000	-	-
	25,000	-	-
Note -15 : Borrowings			
(A) In India			
At amortised Cost			
Vehicle Loans (Term Value) :	1,434	1,908	-
(Secured against hypothecation of Vehicle)			
Cash credit from bank repayable on demand (Secured)	14,538	12,873	23,194
(Cash credit from bank is secured against equitable mortgage of premises belonging to the Company and a related party and Corporate Guarantee given by the related party. The cash credit is repayable on demand and carries interest @ MCLR Rate + 2.15%.)			
HDFC Bank (Over Draft against FD) - 8.60%	63,632	63,357	-
Loan from NBFC (Secured)			
(Loans secured against pledge of shares bearing interest rate @ 12.00%, repayable on demand.)	8,240	20,512	79,138
(Loans secured against pledge of shares bearing interest rate @ 11.00%, repayable on demand.)	487	4,034	-
Loan from Group Company (Unsecured) bearing interest rate @ 12.00%	4,794	6,000	7,330
Total	93,125	1,08,684	1,09,662
Outside India			
(B) Out of Above			
Secured(Against hypothecation of Fixed Deposit and Vehicles, Equitable mortgage of properties, Pledge of Shares)	88,331	1,02,684	1,02,332
Unsecured	4,794	6,000	7,330
	93,125	1,08,684	1,09,662
Note -16 : Deposits			
At amortised cost			
Security Deposits			
Interest free deposit from related party payable			
from Related Parties :	5,977	6,318	4,214
Interest accrued and impact of EIR	5,523	5,429	7,533
Total	11,500	11,747	11,747

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(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -17 : Other Financial Liabilities			
Employee Dues	897	2,064	381
Provision for Expenses	391	272	275
Operating Leased Liabilities	1,153	-	-
Other	9	13	12
Total	2,450	2,349	668
Note - 18 : Provision			
Provision for Ex- Gratia	584	409	313
Provision against Standard Asset as per RBI	166	145	135
Total	750	554	448
Note - 19 : Other Non Financial Liabilities			
Statutory Dues	370	504	647
Other	391	21	6
	761	525	653
Note - 20 : Deferred Asset Liabilities			
Fair value on Investments	22,448	28,563	31,552
	22,448	28,563	31,552

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019
Note -21 : Share Capital		
Authorised:		
4,71,50,000 (Previous Year: 4,71,50,000) Equity Shares of ₹ 10/- each	4,71,500	4,71,500
85,000 (Previous Year: 85,000) Redeemable Preference shares of ₹ 100/- each	8,500	8,500
1,15,000 (Previous Year: 1,15,000) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	11,500	11,500
13,00,000 (Previous Year: 13,00,000) Preference Shares of ₹ 100/- each	1,30,000	1,30,000
	6,21,500	6,21,500
Issued,Subscribed and Paid up:		
47,85,740 (Previous Year: 47,85,740) Equity Shares of ₹ 10/- each fully paid up	47,857	47,857
	47,857	47,857

Additional Information:

a) Reconciliation of Shares outstanding at the beginning and at the end of the year

(₹ in '000's)

Particulars	Nos	Amount
Equity Share Capital issued Subscribed and fully paid up	47,857	47,857
Less		
As at 1st April 2018	47,857	47,857
As at 1 st April 2018	47,857	47,857
Equity Share Capital issued Subscribed and fully paid up		
Additions during the year	-	-
As at 31st March 2019	47,857	47,857
As at 1 st April 2019	47,857	47,857
Equity Share Capital issued Subscribed and fully paid up		
Additions during the year	-	-
As at 31st March 2020	47,857	47,857

(b) Terms and Rights attached to Equity Shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shareholders holding more than 5% shares in the Company:

Equity Shares of ₹ 10 each	As at 31.03.2020		As at 31.03.2019	
	No. of Shares held	%age of Holding	No. of Shares held	%age of Holding
Chand Devi Jain	13,87,242	28.99%	13,87,242	28.99%
KJMC Corporate Advisors (I) Ltd.	9,50,000	19.85%	9,50,000	19.85%
KJMC Shares & Securities Ltd.	2,45,000	5.12%	2,45,000	5.12%
I. C. Jain HUF	2,67,065	5.58%	2,67,065	5.58%

d) Shares reserved for Issue under Employee Stock option plan is NIL.

Particulars	(₹ in '000's)		
	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -22 : Other Equity Securities Premium			
As per last balance sheet	14,410	14,410	14,410
Add : Received during the year	-	-	-
Less: Deduction during the year	-	-	-
Closing Balance	14,410	14,410	14,410
General Reserve :			
As per last balance sheet	2,785	2,760	2,760
Add : Addition during the year	-	25	-
Less: Deduction during the year	-	-	-
Closing Balance	2,785	2,785	2,760
Capital Redemption Reserve :			
As per last balance sheet	49,900	49,900	49,900
Add : Addition during the year	-	-	-
Less: Deduction during the year	-	-	-
Closing Balance	49,900	49,900	49,900
Other Comprehensive Income'			
Employee Benefit	1,05,321	1,32,481	-
Increase/(Loss) in Fair Value of Investment	(63)	6	42
Increase/(Loss) in Fair Value of Investment	5,192	(29,932)	1,63,991
Loss on Sale of Investments, Futures & Options (Net)	(927)	(223)	-
Tax	6,115	2,989	(31,552)
	1,15,638	1,05,321	1,32,481
Special Reserve			
As per last balance sheet	10,425	10,222	10,222
Add : Addition during the year	-	203	-
Less : Deduction during the year	-	-	-
Closing Balance	10,425	10,425	10,222
Surplus/(Deficit) in the statement of profit and loss			
Balance brought forward from last year	16,542	23,677	31,639
Add:			
Profit for the Year	(15,092)	(6,907)	-
Increase in Fair Value of Investment - Unlisted	-	-	(104)
Decrease in Fair Value of Financial Instrument held for Trading	-	-	(217)
Increase/(Loss) in Fair Value of Mutual	-	-	4,173
Ex gratia Impact	-	-	68
Adjustment of Goodwill	-	-	(10,763)
Amount available for appropriation	1,450	16,770	24,796
Less : Appropriations			
a) Special Reserve *	-	203	995
b) General Reserve	-	25	124
Balance carried forward	1,450	16,542	23,677
Total	1,94,608	1,99,383	2,33,450

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STATEMENT OF CHANGES IN EQUITY CIN NO : L65100MH1988PLC047873

(₹ in '000's)

Particulars	For the year ended	
	31 st March 2020	31 st March 2019
Balance of the Beginning of the year	47,857	47,857
Changes in equity	-	-
	47,857	47,857

Other Equity for the year ended 31st March 2020

Reserves and Surplus

(₹ in '000's)

Particulars	Note No	General Reserve	Securities Premium	Capital Redemption Reserve	Other Comprehensive Income ¹	Special Reserve	Profit & Loss A/c	Total
Balance as on 31.03.2019	22	2,785	14,410	49,900	1,05,321	10,425	16,542	1,99,383
Add:								-
Profit after tax		-	-	-	-	-	(15,092)	(15,092)
Other Comprehensive Income (Net of tax)		-	-	-	10,317	-	-	10,317
		2,785	14,410	49,900	1,15,638	10,425	1,450	1,94,608
Transfer to Reserve		-	-	-	-	-	-	-
Balance as on 31.03.2020	-	2,785	14,410	49,900	1,15,638	10,425	1,450	1,94,608

Other Equity for the year ended 31st March 2019

Reserves and Surplus

(₹ in '000's)

Particulars	Note No	General Reserve	Securities Premium	Capital Redemption Reserve	Fair Value Reserve	Special Reserve	Profit & Loss A/c	Total
Balance as on 31.03.2018	22	2,760	14,410	49,900	1,32,481	10,222	23,677	2,33,450
Add:								
Reserves transferred from Profit & Loss A/c		25	-	-	-	203	-	228
Profit after tax		-	-	-	-	-	(6,907)	(6,907)
Other Comprehensive Income (Net of tax)		-	-	-	(27,160)	-	-	(27,160)
		2,785	14,410	49,900	1,05,321	10,425	16,770	1,99,611
Transfer to Reserve		-	-	-	-	-	228	228
Balance as on 31.03.2019		2,785	14,410	49,900	1,05,321	10,425	16,542	1,99,383

As per our report of even date attached For V. P. Thacker & Co.

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

(₹ in 000's)

Particulars	For the year ended 31 st March 2020				For the year ended 31 st March 2019			
	FVOCI	Amortised Cost	FVPTL	Total	FVOCI	Amortised Cost	FVPTL	Total
Note -23 : Interest Income								
on Loans	-	10,782	-	10,782	-	13,433	-	13,433
on Investment	-	-	-	-	-	-	-	-
on Others	-	78	-	78	-	25	-	25
	-	10,860	-	10,860	-	13,458	-	13,458

(₹ in 000's)

Particulars	For the year Ended 31.03.2020	For the year ended 31.03.2019
Note -24 : Revenue from Operations		
Profit on Sale of Investments,Futures & Options (Net)	206	893
Professional Fees Income	1,513	-
Net gain in fair value changes	51	1,227
Gain on Equity Investments	768	3,926
Dividend Income	3,481	2,204
Processing & Documentation Fees	1,051	1,733
Total	17,930	23,441
Note -25 : Other Income		
Compensation for Use of Office & Common Facilities	613	556
Miscellaneous Income	247	531
Interest Income_Others	4,786	2,889
Total	5,646	3,976
Note -26 : Finance Costs		
Interest to other/NBFC	3,965	6,306
Interest to Bank	7,595	6,551
Bank Charges	214	96
Total	11,774	12,953
Note -27 : Employee Benefit Expenses		
Salaries and wages	12,986	8,227
Contribution / provisions to provident, Gratuity and other provisions.	429	425
Staff welfare expenses	905	1,504
Total	14,320	10,156
Note -28 : Other Expenses		
Advertisement	152	56
Auditors Remuneration (for break up refer below)	201	171
Business Promotion Expenses	452	642
Electricity Expenses	302	299
Contractual Services	1,873	-
Infrastructural Support service Expenses	238	238
Insurance Expenses	31	41
Computer Software Expenses	544	90
Legal Fees	201	135

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Particulars	(₹ in 000's)	
	For the year Ended 31.03.2020	For the year ended 31.03.2019
Listing Fees	300	250
Miscellaneous Expenses	1,213	1,293
Motor Car Expenses	120	88
Loan Processing Charges	-	1,112
Dealer Commission	81	-
Service Charge	1,557	1,890
Office Maintenance & Utility Expenses	158	163
Postage & Telegram	34	111
Printing & Stationery	292	139
Professional & Consul. Fees Exp	1,254	812
Rent	78	1,825
Repairs & Maintenance (Others)	45	39
Subscription & Membership	70	53
Travelling Expenses	739	474
Provision for Standard Asset	21	11
Total	9,956	9,932
As Statutory Auditor		
As Audit Fees	89	75
For Taxation matters	15	10
For Limited Review	83	68
For reimbursement of expenses/Service Tax	14	18
	201	171

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31,2020

29. Contingent Liabilities:

Claims against the Company for the Financial Year 2019-20 is NIL (PY 2018-19 is NIL)

30. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ NIL (Previous Year ₹ NIL)

31. Disclosure required by Micro, Small and Medium Enterprises (Development) Act, 2006. As per requirement of Section 22 of Micro, Small & Medium Enterprises (Development) Act, 2006 following information is disclosed:

(₹ in 000's)

Sr. No	Particulars	31.03.2020	31.03.2019
(i)	Principal amount remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
(ii)	Interest due on (i) above remaining unpaid	Nil	Nil
(iii)	Amounts paid beyond the appointed day during the accounting year	Nil	Nil
(iv)	Interest paid on (iii) above	Nil	Nil
(v)	Interest due and payable on (iii) above	Nil	Nil
(vi)	Interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(vii)	Interest remaining unpaid of the previous years for the purpose of disallowance under the Income Tax Act, 1961	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

32. Earnings and Expenditure in Foreign Currency

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

Expenditure in Foreign Currency – C.Y ₹ Nil ('000') (P.Y ₹ 101 (in'000')).

33. Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period and the obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in 000's)

Particulars	Year Ended	
	31.03.2020	31.03.2019
Lease rental recognized during the year	1,800	1,800
Lease obligation Payable		
Within one year of the balance sheet date	480	1,800
Due in a period between one year and five years	-	1,200

34. Earnings Per Share

(₹ in 000's)

Particulars	For the Year ended	
	31.03.2020	31.03.2019
Net Profit / (Loss) for the year (₹ in '000's)	(15,092)	(6,907)
The weighted average Number of Equity Share (Nos.)- (Basic)	47,85,740	47,85,740
The weighted average Number of Equity Share (Nos.)- (Diluted)	47,85,740	47,85,740
Face Value (₹)	10	10
Earnings Per Share (Basic)	(3.15)	(1.44)
Earnings Per Share (Diluted)	(3.15)	(1.44)

35. Related party disclosures under Accounting Standard 18
List of related parties
1. Parties where control exists
Wholly owned subsidiary Companies

KJMC Trading & Agency Limited.

2. Other parties
a) Key Management Personnel

Rajnish Jain – Whole Time Director
Pradeep Poddar – Chief Financial Officer.
Akash Anchan - Company Secretary

b) Relatives of Whole Time Director.

Inderchand Jain - Father of Whole time Director
Chanddevi Jain - Mother of Whole time Director
Girish Jain - Brother of Whole time Director
Shraddha Rajnish Jain - Wife of Whole time Director
Pratham Jain - Son of Whole time Director

c) Enterprises over which key management personnel/relatives are able to exercise significant influence:

KJMC Corporate Advisors (India) Limited
KJMC Shares and Securities Limited
Prathamesh Enterprises Private Limited
KJMC Investment Company
KJ Diamond Real Estate Private Limited
AKIP Venture Private Limited
KJMC Credit Marketing Limited
KJMC Capital Market Services Limited
Puja Trades & Investments Pvt Ltd
KJMC e.Business Ventures Private Limited
KJ Golden Real Estate Private Limited
KJMC Realty Private Limited

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d) Associates

KJMC Platinum Builders Private Limited

(₹ in 000's)

Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
1	Interest Income								
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	-	133	204
	KJMC Trading & Agency Ltd	-	1	-	-	-	-	-	-
	Rajesh Jain	-	-	-	-	-	-	171	-
2	Interest Paid								
	KJMC Platinum Builders Pvt Ltd	-	-	-	-	-	-	638	795
3	Board Meeting Fees								
	Inderchand Jain	-	-	-	-	20	20	-	-
	Shraddha Jain	-	-	-	-	16	-	-	-
	Aditi Jain	-	-	-	-	4	16	-	-
	Girish Jain	-	-	-	-	17	19	-	-
4	Salary and Perquisites								
	Rajesh Jain	-	-	-	-	7,810	4,398	-	-
5	Loan given to Borrower								
	Rajesh Jain	-	-	-	-	-	-	9,800	-
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	-	-	750
6	Repayment of Loan by Borrower								
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	-	-	1,700
7	Loan Repaid								
	KJMC Platinum Builders Pvt Ltd	-	-	-	-	-	-	1,250	1,300
8	Rent Income								
	KJMC Corporate Advisors (India) Ltd	-	-	-	-	-	-	30	30
9	Infrastructural Support Services								
	KJMC Capital Market Services Ltd	-	-	-	-	-	-	238	238
10	Brokerage Charges								
	KJMC Capital Market Services Ltd	-	-	-	-	-	-	23	146
11	Depositary Charges								
	KJMC Capital Market Services Ltd	-	-	-	-	-	-	-	53
12	Sale of Shares								
	KJMC Trading & Agency Ltd	-	7	-	-	-	-	-	-
13	Service Received								
	KJMC Trading & Agency Ltd	1,873	-	-	-	-	-	-	-
14	Reimbursement of Expenses Paid								
	KJMC Corporate Advisors (India) Ltd	-	-	-	-	-	-	62	28
	Pratham R Jain (Fees & Accommodation Charges)	-	-	-	-	735	1,366	-	-
15	Net Receivables								
	Rajesh Jain	-	-	-	-	-	-	9,800	-
	Puja Trades & Investments Pvt Ltd (Security Deposit)	-	-	-	-	-	-	19,000	19,000
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	-	970	950
16	Net Payables								
	KJMC Capital Market Services Ltd (Security Deposit)	-	-	-	-	-	-	10,000	10,000
	KJMC Platinum Builders Pvt Ltd (Loan)	-	-	-	-	-	-	4,794	6,000
	KJMC Corporate Advisors (India) Ltd (Security Deposit)	-	-	-	-	-	-	1,500	1,500
17	Balances in Investment in Associates								

(₹ in 000's)

Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
	KJMC Platinum Builders Private Limited	-	-	12,635	12,635	-	-	-	-
18	Security and Corporate Guarantee given to Union Bank of India on behalf of KJMC Financial Services Limited by								
	Puja Trades & Investments Pvt Ltd.	-	-	-	-	-	-	39,300	39,300

Managerial Remuneration is Calculated as per as per schedule V of the Companies Act, 2013

36. 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 000's)

	Particulars	As on 31.03.2020	
		Amount outstanding	Amount overdue
	Liabilities side :		
1	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	1,434	-
	(d) Inter-corporate loans and borrowing	4,794	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)		
	Secured Loans against office premises	14,538	-
	Secured Loans against FD of Wholly owned Subsidiary	63,632	-
	Secured Loans against Shares	8,727	-

Asset Side :

2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	Amount outstanding (₹ in 000's)
	(a) Secured	45,876
	(b) Unsecured	20,321
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors :	NIL
	(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	

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4. Break-up of Investments:

(₹ in 000's)

Current Investments :		
1. Quoted :		
(i) Shares : (a) Equity		3454
(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		38
(iv) Government Securities		-
(v) Others (please specify)		-
Long Term Investments :		
1. Quoted :		
(i) Shares : (a) Equity		2,10,015
(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		3,675
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

(₹ in 000's)

5. Borrower group-wise classification of assets financed as in (2) and (3) above :	Amount Net of Provisions		
	Secured	Unsecured	Total
Category			
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	10,770	10,770
2. Other than related parties	45,876	9,551	55,427

(₹ in '000's)

6. Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted):	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	1,000	1,000
(b) Companies in the same group	38,304	12,635
(c) Other related parties	-	-
2. Other than related parties	2,03,547	2,03,547
Total	2,42,851	2,17,182

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

37. Financial risk management objective and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade receivables, other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks.

a) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, other financial instruments.

1) Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair value of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that future cash flows of floating interest bearing investments will vary because of fluctuations in interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term loan from banks. Redeemable preference shares carries fixed coupon rate and hence is not considered for calculation of interest rate sensitivity of the company.

(₹. in '000's)

	As at 31st March'20	As at 31st March'19	As at 1st April'18
Variable rate borrowings*	86,897	1,00,776	1,02,332

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(₹ in '000's)

	Increase/ decrease in basis points	Effect on Profit before tax
As on 31 March 2020	+ 50 / - 50	434.49
As on 31 March 2019	+ 50 / - 50	503.88
As on 1 April 2018	+ 50 / - 50	511.66

2) **Foreign currency risk:**

The company enters into transactions relating to expenses in currency other than its functional currency. The company makes advance payment for buying of foreign currency to be used for expenses incurred and is therefore not exposed to foreign currency risk. As there are no outstanding assets or liabilities denominated in foreign currency at any point of time, there is no need to hedge the currency risk. Thus, exchange rate exposures are not hedged considering the insignificant impact and period involved on such exposure.

The Company does not have any foreign currency risk. Hence no sensitivity analysis is required.

b) **Credit Risk:**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits and loans given, investments and balances at bank.

The Company measures the expected credit loss of on loans given to customers/borrowers based on historical trend, industry practices and the business environment in which the entity operates. Expected Credit Loss(ECL) on loans is calculated based on past trends based on the historical data.

Based on the ECL assessment, there is no requirement of provision for the credit losses, hence the company has continued to provide for its loan at the standard rate of 0.25%.

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in equity shares, Mutual Funds.

c) **Liquidity Risk:**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Company's principal source of liquidity are cash and cash equivalents and the cash flow i.e. generated from operations. The Company consistently generated strong cash flows from operations which together with the available cash and cash equivalents and investments provides adequate liquidity in short terms as well in the long term.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at:

(₹ in '000's)

	Carrying Amount / fair value	31-Mar-20			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	484	484	-	-	484
Borrowings	93,125	92,209	916	-	93,125
Debt Securities	25,000		25,000		25,000
Other financial liabilities	2,450	2,450	-	-	2,450
Deposits	11,500			11,500	11,500
	1,32,559	95,143	25,916	11,500	1,32,559

(₹ in '000's)

	Carrying Amount / fair value	31-Mar-19			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	318	318	-	-	318
Borrowings	1,08,684	1,07,250	1,434	-	1,08,684
Debt Securities	-		-		-
Other financial liabilities	2,349	2,349	-	-	2,349
Deposits	11,747			11,747	11,747
	1,23,098	1,09,917	1,434	11,747	1,23,098

(₹ in '000's)

	Carrying Amount / fair value	1-Apr-18			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	253	253	-	-	253
Borrowings	1,09,662	1,09,662	-	-	1,09,662
Debt Securities	-		-		-
Other financial liabilities	668	668	-	-	668
Deposits	11,747			11,747	11,747
	1,22,330	1,10,583	-	11,747	1,22,330

ii) Capital Management

For the purpose of Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's Capital Management is to maximize shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is Net debt divided by total capital.

(₹ in'000's)

	As at 31-Mar-20	As at 31-Mar-19	As at 01-Apr-18
Gross debt (inclusive of long term and short term borrowing)	1,18,125	1,08,684	1,09,662
Less: Cash and cash equivalents	69,707	68,966	1,963
Net debt	48,418	39,718	1,07,699
Total equity	2,42,465	2,47,240	2,81,307
Total capital	2,90,883	2,86,958	3,89,006
Gearing ratio	16.65%	13.84%	27.69%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019

iii) Categories of financial instruments and fair value thereof

(₹ in'000's)

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	FVTOCI	FVTPL	Amortised	FVTOCI	FVTPL	Amortised	FVTOCI	FVTPL	Amortised
			Cost			Cost			Cost
A) Financial assets (other than investment in subsidiaries & Assoc)									
Cash and cash equivalents	-	-	1,307	-	-	566	-	-	563
Bank Balance other than (a) above	-	-	68,400	-	-	68,400	-	-	1,400
Loans	-	-	66,197	-	-	58,025	-	-	53,007
Derivative Financial Asset							807		-
Investments	2,00,055	3,492	-	2,06,427	8,282	-	2,58,247	68,219	-
Other financial assets	-	-	22,172	-	-	22,255	-	-	20,931
total financial assets	2,00,055	3,492	1,58,076	2,06,427	8,282	1,49,246	2,59,054	68,219	75,901
B) Financial liabilities									
Other payables	-	-	484	-	-	318	-	-	253
Borrowings	-	-	93,125	-	-	1,08,684	-	-	1,09,662
Debt Securities	-	-	25,000	-	-	-	-	-	-
Other financial liabilities	-	-	2,450	-	-	2,349	-	-	668
Deposits		11,500	-		11,747	-		11,747	-
total financial liabilities	-	11,500	1,21,059	-	11,747	1,11,351	-	11,747	1,10,583

The management assessed that cash and cash equivalents and bank balances, trade receivables, other financial assets, certain investments, trade payables and other current liabilities approximate their fair value largely due to the short-term maturities of these instruments. Difference between carrying amount and fair value of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the year presented.

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iv Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.
Disclosures of fair value measurement hierarchy for assets and liabilities as at 31 March 2020

(₹ in '000's)

Financial assets	As at 31 March 2020				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	2,00,055	2,00,055	1,96,380	-	3,675
Financial assets measured at FVTPL					
Investments	3,492	3,492	2,117	-	1,375
Financial assets measured at amortised cost					
Investments	13,635	13,635	-	13,635	-
Total	2,17,182	2,17,182	1,98,497	13,635	5,050

(₹ in '000's)

Financial assets	As at 31 March 2019				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	2,06,427	2,06,427	2,03,149	-	3,278
Financial assets measured at FVTPL					
Investments	8,282	8,282	5,675	-	2,607
Financial assets measured at amortised cost					
Investments	13,635	13,635	-	13,635	-
Total	2,28,344	2,28,344	2,08,824	13,635	5,885

(₹ in '000's)

Financial assets	As at 1 April 2018				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	2,58,247	2,58,247	2,55,351	-	2,896
Financial assets measured at FVTPL					
Investments	68,219	68,219	66,711	-	1,508
Financial assets measured at amortised cost					
Investments	13,673	13,673	-	13,673	-
Total	3,40,139	3,40,139	3,22,062	13,673	4,404

Fair Value Hierarchy :

- Investments included in Level 1 of fair value hierarchy are based on prices quoted in stock exchange and/ or NAV declared by the funds.
- Investments included in Level 2 of fair value hierarchy have been valued based on inputs from banks and other recognised institutions such as FIMMDA/ FEDAI
- Investments included in Level 3 of fair value hierarchy have been valued using acceptable valuation techniques such as Net Asset Value and/ or Discounted Cash Flow Method.

Note : All financial instruments for which fair value is recognised or disclosed are categorised within the Fair Value Hierarchy described as above, based on the lowest level input that is significant to the fair value measurement as a whole.

38. Employee Benefits plans Defined Benefit plans

A. Gratuity

The Gratuity plan is governed by the payment of Gratuity Act, 1972 . The Gratuity Act is not applicable to the company, however the company provides gratuity benefits to the whole time director of the company. The company has not created any fund for the payment of the gratuity liability but has created a provision for gratuity liability based on Actuary Valuer report.

Movement in defined benefits obligations

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Present Value of Benefit Obligation at the Beginning of the Period	409	313
Interest Cost	32	24
Current Service Cost	79	78
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	-
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	47	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	17	(6)
Present Value of Benefit Obligation at the End of the Period	584	409

Reconciliation of net liability / asset

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening Net Liability	409	313
Expenses Recognized in Statement of Profit or Loss	112	102
Expenses Recognized in OCI	63	(6)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	584	409

Expenses charged to the statement of Profit and Loss

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current Service Cost	79	78
Net Interest Cost	32	24
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	111	102

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Measurement (gains)/ Losses in other comprehensive income.

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Actuarial (Gains)/Losses on Obligation For the Period	63	(6)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	63	(6)

Amount recognized in Balance Sheet.

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
(Present Value of Benefit Obligation at the end of the Period)	(584)	(409)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(584)	(409)
Net (Liability)/Asset Recognized in the Balance Sheet	(584)	(409)

Change in the Fair Value of Plan Assets

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Fair Value of Plan Assets at the Beginning of the Period	-	-
Interest Income	-	-
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-
(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	-	-

B. Defined Contribution Scheme

The Employee's Provident Funds Scheme, 1952 is not applicable to the company. However, the company extends provident fund benefits to its whole time director. The employer contribution to the Provident Fund together with the employee deduction is deposited in the Recognized Provident Fund and is charged as an expense as and when accrued and incurred.

Other than the above, the company does not operate any superannuation, pension, ESOP or any other defined benefit or defined contribution scheme for the benefit of its employees.

39. First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

(ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Company has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

(iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Company has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

(i) Investment in subsidiary

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Company has elected to apply this exemption for such contracts/arrangements.

(iii) Property, Plant and Equipment

The Company has elected to continue with carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as its deemed cost at the date of transition. This exemption is also used for intangible assets covered by Ind AS 38, Intangible Assets. Accordingly the management has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

(B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS

Reconciliation of equity as at date of transition 1 April 2018 and as at 31 March 2019

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(₹ in '000's)

	Notes to First time Adoption	As at 31 st March 2019			As at 1 st April 2018		
		Previous GAAP	Adjustment	Ind AS	Previous GAAP	Adjustment	Ind AS
ASSETS							
Financial Assets							
(a) Cash and cash equivalents		566	-	566	563	-	563
(b) Bank Balance other than (a)		68,400	-	68,400	1,400	-	1,400
(c) Derivative Financial Instrument		-	-	-	807	-	807
(d) Loans		58,025	-	58,025	53,007	-	53,007
(e) Investments	1&3	1,08,208	(1,20,136)	2,28,344	1,72,297	(1,67,842)	3,40,139
(f) Other Financial Assets.		22,255	-	22,255	20,931	-	20,931
Non-Financial Assets							
(a) Inventory				-			-
(a) Current Tax Assets		4,923	-	4,923	3,390	-	3,390
(b) Deferred Tax Assets (Net)		13,389	-	13,389	13,729	-	13,729
(c) Property, Plant & Equipment		3,715	-	3,715	2,196	-	2,196
(d) Other Non Financial Assets.		363	-	363	128	-	128
Total assets		2,79,844	(1,20,136)	3,99,980	2,68,448	(1,67,842)	4,36,290
Financial Liabilities							
(a) Payables							
(l) Other Payables							
(A) Micro & Small Enterprises				-			-
(A) Others		318	-	318	253	-	253
(b) Debt Securities				-			-
(c) Borrowings (other than Debt Securities)		1,08,684	-	1,08,684	1,09,662	-	1,09,662
(d) Deposits		11,747	-	11,747	11,747	-	11,747
(e) Other Financial Liabilities	4	2,334	(15)	2,349	668	-	668
Non-Financial Liabilities							
(a) Provision	2	684	130	554	558	110	448
(b) Other Non Financial Liabilities		525	-	525	653	-	653
(c) Deferred Tax Liabilities (OCI)	1	-	(28,563)	28,563	-	(31,552)	31,552
Equity							
(a) Equity Share Capital		47,857	-	47,857	47,857	-	47,857
(b) Other Equity	1 to 4	1,07,695	(91,688)	1,99,383	97,050	(1,36,400)	2,33,450
Total liabilities and equity		2,79,844	(1,20,136)	3,99,980	2,68,448	(1,67,842)	4,36,290

Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarized in below table

(₹ in '000's)

Particulars		As at 31-Mar-19	As at 01-Apr-18
Equity as reported under previous GAAP	(A)	1,55,552	1,44,907
Adjustments			
Impact due to fair valuation of investment designated under FVOCI		1,19,822	1,63,887
Fair valuation of investment classified under FVTPL		314	3,955
Re-measurement gains/(losses) on defined benefit plans		130	110
	(B)	1,20,266	1,67,952
Less : Deferred Tax Adjustment		(28,563)	(31,552)
Impact Due to Deferred Processing Fees		(15)	-
	(C)	(28,578)	(31,552)
(A+B-C)		2,47,240	2,81,307

Reconciliation of total comprehensive income for the year ended 31 March 2019

(₹ in '000's)

PARTICULARS	Previous GAAP	Adjustment	Ind AS
Interest Income	13,433	25	13,458
Profit on Sale of Investments - MF	6,130	(5,237)	893
Net gain on Fair Value Changes	-	1,227	1,227
Profit on Sale of Investments - Shares	13,939	(13,939)	-
Dividend Income	2,204	-	2,204
Processing & Documentation Fees	1,748	(15)	1,733
Gain on Equity Investments	3,530	396	3,926
Revenue from Operations	40,984	(17,543)	23,441
Other Income	3,450	526	3,976
Total Revenue	44,434	(17,017)	27,417
Expenses:			
Finance Costs	12,427	526	12,953
Employee Benefits Expenses	10,169	(13)	10,156
Depreciation and Amortization Expenses	897	-	897
Other Expenses	9,907	25	9,932
Total Expenses	33,400	538	33,938
Profit Before Tax	11,034	(17,555)	(6,521)
Tax Expense:			
(1) Current tax	1,835	-	1,835
(2) Deferred tax	340	-	340
(3) MAT Credit	(1,836)	-	(1,836)
(4) Earlier Period Taxes	47	-	47
	386	-	386
Profit for the Year	10,648	(17,555)	(6,907)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Profit / (Loss) on Sale of Investments (Equity)	-	(223)	(223)
Remeasurement gains/(losses) on defined benefit plans	-	6	6
Net Gain / (Loss) on Fair Value Changes	-	(29,932)	(29,932)
Tax impact on above	-	2,989	2,989
Other comprehensive income for the year (net of tax)	-	(27,160)	(27,160)
Total	10,648	(44,715)	(34,067)

Reconciliation of total comprehensive income for the year ended 31 March 2019 summarised in below table

(₹ in '000's)

Particulars	Year Ended 31st March, 2019
Profit after tax as reported under Previous GAAP	10,648
Adjustments resulting in increase/(decrease) in profit after tax as reported under Previous GAAP :	
I) Others	13
I) Gain/(Loss) on fair valuation of Investments classified under FVTPL	(3,614)

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Particulars	Year Ended 31 st March, 2019
II) Deferred Income of Processing fees	(15)
III) Tax impact on above adjustments	-
Profit after tax as reported under Ind AS	7,032
I) Gain/(Loss) on fair valuation of Investments classified under FVOCI	(44,094)
II) Other Comprehensive Income (loss)	6
III) Tax impact on above adjustments	2,989
Total Comprehensive Income (after tax) as reported under Ind AS	(34,067)

Notes to first time adoption of Ind AS

(1) Fair valuation of investments subsequently measured under FVTPL and FVOCI

Under the previous GAAP, investments in mutual funds were classified as current investments and equity shares held for trading were classified as stock in trade. Both Current investments and Stock in Trade were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

Investments in equity shares held for other than trading were classified as long term investments and were carried a cost less impairment other than temporary under the previous GAAP. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2020.

(2) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

(3) Components of other comprehensive income (OCI)

Under Ind AS, following items has been recognised in other comprehensive income in the Statement of Profit and Loss of the Company:

- Re-measurement gains/(losses) on defined benefit plans
- Changes in fair value of FVOCI equity instruments.

(4) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognized upfront on an accrual basis. Under Ind AS, transaction costs/incomes related to direct sourcing of retail loans/borrowings are apportioned over the tenor of the loan and the unamortized portion is adjusted in retained earnings as on 31st March 2019 and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

As on the date of transition, since there were no direct retail lending transactions during the period, no transaction costs have been apportioned

All above adjustments, except remeasurement gains/(losses) on defined benefit plans as set out in note (2) above, are recognized in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2019 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2019.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2019.

40. The Mumbai Bench of the Hon'ble National Company Law Tribunal (NCLT) vide its Order dated March 03, 2020 had granted approval for the Scheme of Amalgamation of KJMC Asset Management Company Limited (KAMCL) ("the First Transferor Company") and KJMC Investment Trust Company Limited (KITCL) ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("Scheme"). KJMC Asset Management Company Limited (KAMCL) ("the First Transferor Company") and KJMC Investment Trust Company Limited (KITCL) ("the Second Transferor Company") both are the wholly owned subsidiary companies of KJMC Financial Services Limited ("the Transferee Company"). The copy of order is received from the Hon'ble National Company Law Tribunal (NCLT) and duly filed with the Office of Registrar of Companies, Mumbai. The Appointed date for the sanctioned Scheme of Amalgamation is April 1, 2018. Accordingly, the figures for the previous financial year have been restated/recasted to give effect to the Scheme of Amalgamation with effect from 1st April'2018.



KJMC FINANCIAL SERVICES LIMITED

41. The COVID -19 pandemic has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in markets across the globe. The vehicle loan disbursement business has been affected due to closure of dealers' showrooms during the lockdown period. It has also impacted credit and collection operations. The company has offered eligible borrowers to seek moratorium in the payment of EMI in line with guideline issued by Reserve Bank of India. At this point of time Company does not foresee any major impact on the loan book.
42. It is difficult to assess definite future impact of COVID -19 on business operations at this point of time where lifting of 100% lockdown is not certain. However, we are confident to sail through this crisis smoothly through our consumers, our committed employees and our quality of leadership.
43. 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.
44. 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 V. P. Thacker & Co.**

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

**For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED**

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

Independent Auditor’s Report

To the Members of KJMC Financial Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of **KJMC Financial Services Limited** (‘the Holding Company’) and its subsidiary Company (the Holding Company and its subsidiary company together referred to as ‘the Group’), and its associate company which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss, including Other Comprehensive Income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the consolidated Ind AS financial statements’).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (‘the Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group and its associate company as at March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated Ind AS financial statements’ section of our report. We are independent of the Group and its associate company in accordance with the Code of Ethics issued by the Institute

of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statements.

Emphasis of Matter

We draw attention to note 40 of the consolidated Ind AS financial statements which describes the uncertainty caused by Novel Corona virus (COVID-19) pandemic with respect to the Group’s estimate of the impairment of loans to customers and that such estimate may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31 March 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

<p>1) Impairment of Investments</p> <p>Where impairment indicators have been identified, the quantification of impairment in the carrying value of investments is considered to be a risk area due to the judgmental nature of key assumptions. The estimated recoverable amount is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. The most significant judgements are:</p> <ul style="list-style-type: none"> • Timely identification of diminution in the value of investments. • Proper estimation of fair market value in respect of listed and unlisted investments. 	<p>Auditor’s Response</p> <p>Tested the design and effectiveness of internal controls implemented by the management for following:</p> <ul style="list-style-type: none"> • Identification of any diminution in the value of investments. • Collection of relevant data to estimate the fair market value of investments at the balance sheet date • To ascertain the sufficiency of amount of provision in case of diminution in value of investments • Management’s judgement applied for the key assumptions used for the purpose of determination of impairment provision • Completeness and accuracy of the data inputs used • We critically assessed and tested the key underlying assumptions and significant judgements used by management. • For investments identified by management as potentially impaired, examined the same and checked the calculation of the impairment • Examined the investments which had not been identified by management as potentially impaired and formed our own judgement as to whether that was appropriate through examining available information.
<p>2) Impairment of financial assets as at the balance sheet (Expected Credit Losses)</p> <p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income)</p>	<p>Auditors Response</p> <ul style="list-style-type: none"> • Read and assessed the Company’s accounting policies for impairment of financial assets and their compliance with Ind AS 109

<p>using the expected credit loss (ECL) approach. ECL involves an estimation of probability weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.</p> <p>In the process, a significant degree of judgment has been applied by the Management for:</p> <ul style="list-style-type: none"> • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for loan products with no/minimal historical defaults. 	<ul style="list-style-type: none"> • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the Management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation. • Tested the ECL model, including assumptions and underlying computation. • Assessed the floor/minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults. • Tested assumptions used by the Management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the impact of COVID-19 on ECL estimation.
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Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon. The Holding Company's Board of Directors is responsible for the other information.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the Companies included in the Group and its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those respective Board of Directors of the Companies included in the Group and its associate company are also responsible for overseeing the financial reporting process of the Group and its associate company.

Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and its associate company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

The financial statements of the associate company have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion and report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on the reports of the other auditors.

The consolidated financial statements also include the Holding Company's share of profit including other comprehensive income of ₹ 90,732 for the year ended March 31, 2020 in an associate, whose financial statements have not been audited by us.

The comparative figures of consolidated financial statements of the Group for the year ended March 31, 2019 were audited by another auditor whose report dated May 22, 2019 expressed an unqualified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books.
- (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including the Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules 2015, as amended.
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors of the Group and the report of the statutory auditor of its associate company, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary company, refer to our separate Report in "Annexure A".
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Companies included in the Group to its respective directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group and its associate company does not have any pending litigations which would impact its financial position
 - ii. The Group and its associate company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by any of the Companies included in the Group.

For V.P. Thacker & Co.

Chartered Accountants
Firm Registration No: 118696W

Abuali Darukhanawala

Partner
Membership No: 108053
UDIN No:20108053AAAAHM4633
Place: Mumbai
Date: July 15, 2020

Annexure A to the Independent Auditors Report

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the consolidated Ind AS financial statements for the year ended on March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to consolidated Ind AS financial statements of KJMC Financial Services Limited (hereinafter referred to as 'the Holding Company') and its subsidiary company as of March 31, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to these consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

Meaning of Internal Financial Controls with Reference to these consolidated Ind AS financial statements

A Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to these consolidated Ind AS financial statements

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have maintained in all material respects, an adequate internal financial controls system over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For V.P. Thacker & Co.

Chartered Accountants
Firm Registration No: 118696W

Abuali Darukhanawala

Partner
Membership No: 108053
UDIN No: 20108053AAAAHM4633

Place: Mumbai
Date: July 15, 2020

CONSOLIDATED BALANCE SHEET AS AT March 31, 2020
CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	NOTE NO.	As At 31.03.2020	As At 31.03.2019	As At 01.04.2018
ASSETS				
Financial Assets				
(a) Cash and cash equivalents	4	1,496	809	719
(b) Bank Balance other than (a)	5	68,400	68,400	1,400
(c) Derivative Financial Instrument		-	-	807
(d) Loans	6	66,196	58,330	53,512
(e) Investments	7	2,56,708	2,63,890	3,82,893
(f) Other Financial Assets.	8	22,173	22,255	20,931
Non-Financial Assets				
(a) Current Tax Assets	9	6,113	4,938	3,399
(b) Deferred Tax Assets (Net)	10	13,709	13,501	13,729
(c) (i) Property, Plant & Equipment	11	3,606	3,715	2,196
(ii) Intangible assets		31	-	-
(d) Other Non Financial Assets.	12	317	373	148
Total assets		4,38,749	4,36,211	4,79,734
Financial Liabilities				
(a) Payables				
(I) Other Payables				
(A) Others	13	336	318	253
(b) Debt Securities	14	25,000	-	-
(c) Borrowings(other than Debt Securities)	15	1,05,820	1,20,097	1,20,662
(d) Deposits	16	11,500	11,747	11,747
(e) Other Financial Liabilities	17	2,595	2,364	674
Non-Financial Liabilities				
(a) Provision	18	750	554	448
(b) Other Non Financial Liabilities	19	787	537	653
(c) Deferred Tax Assets (OCI)	20	22,448	27,937	31,552
Equity				
(a) Equity Share Capital	21	47,857	47,857	47,857
(b) Other Equity	22	2,21,656	2,24,800	2,65,888
Total liabilities and equity		4,38,749	4,36,211	4,79,734

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 42

As per our report of even date attached

For V. P. Thacker & Co.

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala

Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors

KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary



CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020
CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	NOTE NO.	For the year Ended 31.03.2020	For the year ended 31.03.2019
Interest Income	23	10,860	13,458
Profit on Sale of Investments - MF		229	893
Net gain on Fair Value Changes		63	1,254
Professional Fees Income	24	1,513	-
Dividend Income		3,481	2,204
Processing & Documentation Fees		1,051	1,733
Gain on Equity Investments		768	3,926
Revenue from Operations		17,965	23,468
Other Income	25	5,671	4,040
Total Revenue		23,636	27,508
Expenses:			
Finance Costs	26	13,199	13,411
Employee Benefits Expenses	27	15,890	10,164
Depreciation and Amortization Expenses	11	2,939	897
Other Expenses	28	8,372	9,973
Total Expenses		40,400	34,445
Profit Before Tax		(16,764)	(6,937)
Tax Expense:			
(1) Current tax		-	1,835
(2) Deferred tax		(208)	228
(3) MAT Credit		-	(1,836)
(4) Earlier Period Taxes		-	47
Profit for the Year		(208)	274
		(16,556)	(7,211)
Add : Profit / (Loss) in Share of Associates		91	(1,082)
		(16,465)	(8,293)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Profit / (Loss) on Sale of Investments (Equity)		(927)	(223)
Remeasurement gains/(losses) on defined benefit plans		(63)	6
Net Gain / (Loss) on Fair Value Changes		5,191	(29,932)
Tax impact on above		5,489	3,615
Other comprehensive income for the year (net of tax)		13,324	(32,795)
Total		(3,141)	(41,088)
Earnings per Equity Share: (₹)			
(1) Basic		(3.44)	(1.73)
(2) Diluted		(3.44)	(1.73)

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 42

As per our report of even date attached
For V. P. Thacker & Co.
Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053
Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Girish Jain
Director
DIN: 00151673

Pradeep Poddar
Chief Financial Officer
Place : Mumbai
Date : 15th July 2020

Akash Anchan
Company Secretary

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 CIN NO : L65100MH1988PLC047873

(₹ in '000's)

PARTICULARS	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Cash Flow from Operating Activities		
Net Profit Before Tax	(16,673)	(8,019)
Adjustment for:		
Depreciation & amortisation	134	897
Sundry Credit Balance Written Back	(247)	-
Profit on Sale of Asset	-	(362)
Addition/(Reversal) of Provision of Standard Assets	21	11
Interest and Financial Charges	13,199	13,411
Operating Profit Before Working Capital Changes	(3,566)	5,938
Changes in Working Capital		
(Increase)/Decrease in Loans	(7,866)	(4,818)
(Increase)/Decrease in other financial assets	82	(1,324)
(Increase)/Decrease in other non financial assets	56	(225)
Increase/(Decrease) in other payables	18	65
Increase/(Decrease) in other financial liabilities	231	1,691
Increase / (Decrease) in provisions	111	(8)
Increase/(Decrease) in other non financial Liabilities	249	(116)
(Increase)/ Decrease in Net Current Assets	(7,119)	(4,735)
Cash generated from Operations	(10,685)	1,203
Direct taxes paid (Net of refund)	(1,175)	(1,586)
Cash Flow Before Extraordinary Items	(11,860)	(383)
Extraordinary Items		
Net Cash flow from Operating Activities	(11,860)	(383)
Cash Flow from Investment Activities		
Purchase & Sale of Shares/ units (Net)	7,245	(77,458)
Net (gain)/loss on Equity instruments through FTPL	(63)	2,671
Net (gain)/loss on Equity instruments at fair value through OCI	7,898	1,58,292
Purchase of Property Plant & Equipment	(57)	(2,555)
Sale of Fixed Assets	-	500
Net Cash Flow from Investing Activities	15,023	81,450
Cash Flow From Financing Activities		
Borrowings other than debt securities issued. net	(14,277)	(566)
Debt Securities	25,000	-
Interest and Financial Charges	(13,199)	(13,411)
Net Cash Flow from Financing Activities	(2,476)	(13,977)
Net Increase in Cash and Cash Equivalents	687	67,090
Cash and Cash Equivalents at the beginning of the Year *	69,209	2,119
Cash and Cash Equivalents at the close of the Year *	69,896	69,209
* Cash and Cash Equivalents comprise of :		
Cash & Cash Equivalent	1,496	809
Bank Balance other than above	68,400	68,400
Total	69,896	69,209

Note:-

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS -7 Statement of Cash Flows

As per our report of even date attached
For V. P. Thacker & Co.
Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

Notes to Consolidated financial statements for the year ended 31 March 2020

1. Corporate information

KJMC Financial Services Ltd. ('the parent Company', 'KFSL') is a company limited by shares, incorporated on 29 June 1988 and domiciled in India. The Parent Company is engaged in the business of lending. KFSL has a diversified lending portfolio across retail, MSME and commercial customers with a presence in Mumbai, Sangli and Ahmedabad. The Parent Company has its registered office at Atlanta Society, Nariman Point, Mumbai, Maharashtra and its principal place of business is at 162, Atlanta Society, 16th floor, Nariman Point, Mumbai, Maharashtra, India.

The Parent Company is a NBFC Non Deposit Accepting or Holding, classified as Investment Company in terms of Circular No. DNBS.PD, CC No.85/03-02-89/2006-07 dt. December 6, 2006. It is a Non deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from 5 March 1998, with Registration No. B-13.01633.

The audited consolidated financial statements were subject to review and recommendation of Audit Committee and approval of Board of Directors. On 15th July 2020, Board of Directors of the Company approved and recommended the audited consolidated financial statements for consideration and adoption by the shareholders in its annual general meeting.

2. Basis of preparation

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial issued by RBI from time to time. The Consolidated financial statements have been prepared on a going concern basis. The Group uses accrual basis of accounting except in case of significant uncertainties

For all periods up to and including the year ended 31 March 2019, the Group had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended 31 March 2020 are the first the Group has prepared in accordance with Ind AS. The Group has applied Ind AS 101 'First-time Adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in note no. 37.

2.1 Presentation of financial statements

The Group presents its Balance Sheet in order of liquidity.

The Group generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Group offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Critical accounting estimates and judgments

The preparation of the Group's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.

- Fair value of financial instruments [Refer note no. 3.12]
- Provision for tax expenses [Refer note no. 3.5(i)]

2.2 Principles of consolidation

- (i) The consolidated financial statements incorporate the financial statements of the Parent Company and all its subsidiaries (from the date control is gained), being the entities that it controls. Control is evidenced where the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns. The financial statements of subsidiaries are prepared for the same reporting year as the Parent Company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Parent Company.

The Parent Company holds the entire shareholding in its subsidiaries and there are no contractual arrangements which rebut the control of the Parent Company over its subsidiaries. The financial statements of subsidiaries acquired or disposed off during the year are included

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in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements

- (ii) The Consolidated financial statements include results of the subsidiaries of KJMC Financial Services Limited. (Parent Company), consolidated in accordance with Ind AS 110 'Consolidated Financial Statements'

Sr. No.	Name of Subsidiary	Country of Incorporation	Ownership Interest	
			31.03.2020	31.03.2019
1.	KJMC Trading & Agency Ltd	India	100%	100%

Figures for preparation of consolidated financial statements have been derived from the audited financial statements of the respective companies in the Group

- (iii) Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ in '000's)

	Net Assets , i.e. , total assets minus total liabilities		Share in profit or loss		Share in other comprehensive Income		Share in total comprehensive Income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
1	2	3	4	5	6	7	8	9
Parent : KJMC Financial Services Ltd	89.96%	2,42,464	91.66%	(15,092)	77%	10,317	152%	(4,775)
Subsidiaries -								
Indian								
KJMC Trading & Agency Ltd	10.27%	27,689	8.92%	(1,468)	23%	3,008	-49%	1,540
Minority interest in all subsidiaries	-	-	-	-				
Associates (Investment as per the equity method) -								
Indian								
KJMC Platinum Builders Pvt Ltd	-	-	(0.55)%	91			-3%	91
Joint Ventures	-	-	-	-				

3 Summary of significant accounting policies

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

3.1 Income

(i) Interest income

Interest, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments such as Loan and finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for where income is recognised only when realised and, interest income, where income is recognised when right to receive payment is established. Income is not recognized in respect of Non Performing Assets, if any, as per guidelines for prudential norms prescribed by Reserve bank of India. (RBI). Delayed payment interest (penal interest) levied on customers for delay in repayments/non payment of contractual cashflows is recognised on realisation

Interest on loans given to customers/borrowers are recognised at the contractual rate of interest

(ii) Dividend income

Dividend income on equity shares is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(iii) Other revenue from operations

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

(a) Fees and commission

The Group recognises service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery.

Processing Fees collected from the customers is apportioned over the tenor of the loan.

Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

(b) Net gain on fair value changes

Investments are subsequently measured at fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL), as applicable. The Group recognises gains/losses on fair value change of investments measured as FVOCI or FVTPL which is irreversible and even the realised gains/losses on subsequent sale of investments are recognized through FVOCI or FVTPL as applicable.

(c) Recoveries of financial assets written off

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

(iv) Taxes

Incomes are recognised net of the Goods and Services Tax wherever applicable.

3.2 Expenditures

(i) Finance costs

Borrowing costs on deposits taken are recognised using the EIR [refer note no. 3.1(i)].

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

(iii) Taxes.

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and balance with banks in current account

3.4 Financial instruments

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

All the financial instruments are recognised on the date when the Group becomes party to the contractual provisions of the financial instruments. For tradable securities, the Group recognises the financial instruments on Trade date

(i) Financial Assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Initial measurement.

All financial assets are recognised initially at cost including transaction costs that are attributable to the acquisition of financial assets

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into four categories

- (a) Debt instruments at FVOCI
- (b) Debt & Equity instruments at FVTPL
- (c) Equity instruments designated at FVOCI

(a) **Debt instruments at FVOCI**

The Group subsequently classifies its financial assets as FVOCI, only if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

Debt instruments included within the FVOCI category are measured at each reporting date at fair value with such changes being recognised in other comprehensive income (OCI). The interest income on these assets is recognised in profit or loss.

(b) **Debt and Equity instruments at FVTPL**

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

The Group's investments into equity(trading portfolio), mutual funds, Government securities (trading portfolio) and certificate of deposits for trading have been classified under this category.

(c) **Equity investments designated under FVOCI**

All equity investments in scope of Ind AS 109 'Financial Instruments' are measured at fair value. The Group has strategic investments in equity for which it has elected to present subsequent changes in the fair value in other comprehensive income. The classification is made on initial recognition and is irrevocable.

All fair value changes of the equity instruments, excluding dividends, are recognised in OCI and not available for reclassification to profit or loss, even on sale of investments.

Impairment of financial assets

ECL are recognised for financial assets held under loan portfolio

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognised for stage 2 and stage 3 financial assets.

At initial recognition, provision in the case of loan portfolio is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, additional provision would be required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

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

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) **Credit impaired (stage 3)**

The Parent Company recognizes a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 180 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months– post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default be done for such loans.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 120 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the identified homogenous portfolios.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Parent company continues to provide for ECL@0.25% of the aggregate of the loan portfolio under stage 1 till an estimated percentage of defaults are arrived at based on sufficient data in respect of behavioural patterns of customers

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings.

Initial measurement

All financial liabilities other than Deposits taken are recognised at cost. The Group's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all deposits taken subsequently measured at Net Present Value using the EIR [Refer note no. 3.1(i)]. Any gains or losses arising on derecognition of liabilities are recognized in the Statement of Profit and Loss.

Derecognition

The Group derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.5 Taxes

(a) Current tax

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

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

(b) Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets, if any, are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in OCI or in other equity.

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

3.6 Property, plant and equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

Depreciation on property, plant and equipment

- (a) Depreciation is provided on a pro-rata basis for all tangible assets on written down value method over the useful life of assets.
 - (b) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013 where the useful life is as assessed and certified by a technical expert.
 - (c) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (IV) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

3.7 Intangible assets and amortisation thereof

Intangible assets, representing website development expenses are initially recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment. The intangible assets are amortized using the straight line method over a period of three years, which is the Management's estimate of its useful life.

3.8 Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

3.9 Provisions and contingent liabilities

The Group creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Group also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

3.10 Foreign currency translation

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

Initial recognition

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

Conversion

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

Exchange differences

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

3.11 Retirement and other employee benefits**(a) Gratuity**

The Group has not created any Gratuity Fund to which payment for present liability of future payment of gratuity can be made. However, provision for gratuity is made in the books based on the actuarial valuation report provided by an approved valuer. The actuarial liability as determined by an appointed actuary using the projected unit credit method are recognised as a liability. Gains and losses through remeasurements of the net defined benefit liability/assets are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. The effect of any planned amendments are recognised in Statement of Profit and Loss. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Provident fund

Provident Fund Contributions are made to Recognized Provident Fund.

3.11 Leases

With effect from 1 April 2019, the Group has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Group has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

Measurement of Lease Liability

At the time of initial recognition, the Group measures lease liability as present value of all lease payments discounted using the Group's cost of borrowing. Subsequently, the lease liability is –

- (i) increased by interest on lease liability;
- (ii) reduced by lease payments made; and
- (iii) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Group measures 'Right-of-use assets' as present value of all lease payments discounted using the Group's cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Group."

3.12 Fair value measurement

The Group measures its Investments and Deposits (Both Given and Taken) at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value measurement has been done for investments and Deposits (Both Given and Taken). Listed investments have been valued at the market price at which the respective investments were quoting as on 31.03.2020. Unlisted investments have been valued on the basis of the valuation certificates issued by an approved valuer. Both deposits given and taken have been valued at the Net present value applying the EIR method as explained in 3.1

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(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -4 : Cash and cash equivalents			
Cash in Hand	274	181	168
Balance with Banks			
- In Current Accounts	1,222	628	551
Total	1,496	809	719
Note -5 : Bank Balance			
Other Bank Balances	-	-	-
- On Deposit Accounts	-	-	-
With Less than 12 month's maturity	68,400	68,400	1,400
	68,400	68,400	1,400
Note -6 : Loans			
(Good unless otherwise stated)			
Secured			
Against hypothecation of automobiles.	45,875	47,076	19,138
Less - Impairment Loss allowance	-	-	-
Total A	45,875	47,076	19,138
Unsecured			
Others			
Loans to Others (Unsecured, Considered good)	9,551	9,999	29,942
Loans to Others (Secured by Pledge of Securities)	-	-	2,027
Related Parties :			
- Unsecured, Considered good			
Loans to Related Party (Rate of Interest 14%)	10,770	1,255	2,405
Less - Impairment Loss allowance	-	-	-
Total B	20,321	11,254	34,374
Total A+ B	66,196	58,330	53,512
Note - Unsecured Loan given to related party @ 14 p.a			
Note - 7: Investments			
(A) At Cost			
Investment in Wholly Owned Subsidiary	-	-	-
Investment in Associates	12,994	12,903	14,023
	12,994	12,903	14,023
(B) At fair value through Other Comprehensive Income			
(i) In equity instruments			
Equity Shares			
	1,20,270	1,19,884	1,33,764
Add: Fair value gains/(losses)	1,16,277	1,19,543	1,63,991
0% CCDs	3,278	2,896	3,000
Add: Fair value gains/(losses)	397	382	(104)
	2,40,222	2,42,705	3,00,651
(C) At fair value through Other Profit & Loss			
i) Mutual Fund			
	38	3,035	62,538
Add: Fair value gains/(losses)	-	135	4,173
Equity Shares			
	3,973	4,933	1,725
Add: Fair value gains/(losses)	(519)	179	(217)
	3,492	8,103	68,436
Grand Total (A+B+C)	2,56,708	2,63,711	3,83,110

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Out of the above			
In India	2,56,708	2,63,711	3,83,110
Outside India	-	-	-
	2,56,708	2,63,711	3,83,110
Note -8 : Other Financial Assets			
Advances recoverable in cash or kind or for value to be received			
Unsecured, considered good	1,638	1,719	395
Loan to related Party	-	-	-
Security Deposits			
Unsecured, considered good	20,473	20,395	20,529
Interest accrued and impact of EIR	56	134	-
Other	6	7	7
Total	22,173	22,255	20,931
Note -9 : Current Tax Assets			
Advance Income Tax	5,752	4,577	2,999
Less: Provision for Taxation	(3,746)	(3,746)	(1,790)
MAT credit Entitlement	4,107	4,107	2,190
	6,113	4,938	3,399
Note -10 : Deferred Taxation			
Deferred Tax Assets			
Business Loss	12,393	12,506	4,910
Unabsorbed Depreciation	409	409	409
Unabsorbed Long Term Capital Loss	470	470	8,302
Fixed Assets (Diff in W.D.V)	301	116	108
Disallowance u/s 43B of the Income Tax, 1961	135	-	-
	13,708	13,501	13,729
Deferred Tax Liability			
Fixed Assets	-	-	-
	-	-	-
Deffered tax Asset/(Liability)-Net	13,708	13,501	13,729
Changes in Deffered Tax Assets Recorded in Profit & Loss			
Defferd tax related to the following			
Business Loss	-	7,483	-
Unabsorbed Depreciation	-	-	-
Unabsorbed Long Term Capital Loss	-	(7,831)	-
Fixed Assets (Diff in W.D.V)	185	8	-
Gratuity	135	-	-
	320	(340)	-

Note -11 : Property, Plant, Equipment and Intangible Asset

Description	Gross Block				Depreciation			Net Block		
	As on 1.04.2019	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2020	As on 1.04.2019	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2020	As on 31.03.2019
Building	10,849	-	-	-	10,849	9,355	273	-	9,628	1,221
Computers	586	38	-	-	624	445	118	-	563	61
Furniture & Fixtures	6,646	-	-	-	6,646	6,564	5	-	6,569	82
Office Equipments	2,217	19	-	-	2,236	2,183	12	-	2,195	34
Vehicles	2,397	-	-	-	2,397	434	861	-	1,295	1,102
Right of Use	-	2,759	-	-	2,759	-	1,655	-	1,655	1,104
Total (A)	22,695	2,816	-	-	25,511	18,981	2,924	-	21,905	3,714

Fixed Assets - Intangible

Description	Gross Block				Depreciation			Net Block		
	As on 1.04.2019	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2020	As on 1.04.2019	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2020	As on 31.03.2019
Computer Software	36	44	-	-	80	36	13	-	49	31
Right of Use	-	-	-	-	-	-	-	-	-	-
Total (B)	36	44	-	-	80	36	13	-	49	31
Total (A+B)	22,731	2,860	-	-	25,591	19,017	2,937	-	21,954	3,637

Note -11 : Property, Plant, Equipment and Intangible Asset

Description	Gross Block				Depreciation			Net Block		
	As on 1.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 1.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2018
Building	10,849	-	-	-	10,849	9,021	334	-	9,355	1,494
Computers	448	138	-	-	586	369	76	-	445	141
Furniture & Fixtures	6,646	-	-	-	6,646	6,555	9	-	6,564	82
Office Equipments	2,198	19	-	-	2,217	2,170	12	-	2,182	35
Vehicles	2,792	2,397	-	-	2,397	2,622	466	-	2,654	1,963
Total (A)	22,933	2,554	2,792	-	22,695	20,737	897	2,654	18,980	3,715

Fixed Assets - Intangible

Description	Gross Block				Depreciation			Net Block		
	As on 1.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 1.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2018
Computer Software	36	-	-	-	36	36	-	-	36	-
Right of Use	-	-	-	-	-	-	-	-	-	-
Total (B)	36	-	-	-	36	36	-	-	36	-
Total (A+B)	22,969	2,554	2,792	-	22,731	20,773	897	2,654	19,016	2,196

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -12 : Other Non Financial Assets			
Other	317	373	148
	317	373	148
Note - 13 Payables			
(I) Trade Payables			
(A) Micro & Small Enterprises	-	-	-
(B) Others	-	-	-
(II) Other Payables			
(A) Micro & Small Enterprises	-	-	-
(B) Others	336	318	253
	336	318	253
* Includes payable to related parties 0.21 Lac (Previous year Nil).			
Note - 14 Debt Securities			
At amortised cost			
Secured			
12% Non Convertible Debenture	25,000	-	-
	25,000	-	-
Note -15 : Borrowings			
(A) In India			
At amortised Cost			
Vehicle Loans (Term Value) :	1,434	1,908	-
(Secured against hypothecation of Vehicle)			
Cash credit from bank repayable on demand (Secured)	14,538	12,873	23,194
(Cash credit from bank is secured against equitable mortgage of premises belonging to the Company and a related party and Corporate Guarantee given by the related party. The cash credit is repayable on demand and carries interest @ MCLR Rate + 2.15%.) (Refer Note - 32)			
HDFC Bank (Over Draft against FD) - 8.60%	63,632	63,357	-
Loan from NBFC (Secured)			
(Loans secured against pledge of shares bearing interest rate @ 12.00%, repayable on demand.)	8,240	20,512	79,138
(Loans secured against pledge of shares bearing interest rate @ 11.00%, repayable on demand.)	487	4,034	-
Loan from Group Company (Unsecured) bearing interest rate @ 12.00%	16,489	16,413	7,330
Loan from Related Party	1,000	1,000	11,000
Total	1,05,820	1,20,097	1,20,662
Outside India			
(B) Out of Above			
Secured (Against hypothecation of Fixed Deposit and Vehicles, Equitable mortgage of properties, Pledge of Shares)	88,331	1,02,684	1,02,332
Unsecured	17,489	17,413	18,330
	1,05,820	1,20,097	1,20,662
Note -16 : Deposits			
At amortised cost			
Security Deposits			
Interest free deposit from related party payable			
from Related Parties :	5,977	6,318	4,214
Interest accrued and impact of EIR	5,523	5,429	7,533
Total	11,500	11,747	11,747

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(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note - 17 : Other Financial Liabilities			
Employee Dues	1,023	2,072	381
Provision for Expenses	391	272	275
Operating Leased Liabilities	1,153	-	-
Other	28	20	18
Total	2,595	2,364	674
Note - 18 : Provision			
Provision for Ex- Gratia	584	409	313
Provision against Standard Asset as per RBI	166	145	135
Total	750	554	448
Note - 19 : Other Non Financial Liabilities			
Statutory Dues	397	516	647
Other	390	21	6
Total	787	537	653
Note - 20 : Deferred Asset Liabilities			
Fair value on Investments	22,448	28,563	31,552
Total	22,448	28,563	31,552

(₹ in '000's)

Particulars	As at 31.03.2020	As at 31.03.2019
Note -21 : Share Capital		
Authorised:		
4,71,50,000 (Previous Year: 4,71,50,000) Equity Shares of ₹ 10/- each	4,71,500	4,71,500
85,000 (Previous Year: 85,000) Redeemable Preference shares of ₹ 100/- each	8,500	8,500
1,15,000 (Previous Year: 1,15,000) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	11,500	11,500
13,00,000 (Previous Year: 13,00,000) Preference Shares of ₹ 100/- each	1,30,000	1,30,000
	6,21,500	6,21,500
Issued,Subscribed and Paid up:		
47,85,740 (Previous Year: 47,85,740) Equity Shares of ₹ 10/- each fully paid up	47,857	47,857
	47,857	47,857

Additional Information:

a) Reconciliation of Shares outstanding at the beginning and at the end of the year

(₹ in '000's)

Particulars	Nos	Amount
Equity Share Capital issued Subscribed and fully paid up	47,857	47,857
Less		
As at 1st April 2018	47,857	47,857
As at 1 st April 2018	47,857	47,857
Equity Share Capital issued Subscribed and fully paid up		
Additions during the year	-	-
As at 31st March 2019	47,857	47,857
As at 1 st April 2019	47,857	47,857
Equity Share Capital issued Subscribed and fully paid up		
Additions during the year	-	-
As at 31st March 2020	47,857	47,857

(b) Terms and Rights attached to Equity Shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shareholders holding more than 5% shares in the Company:

Equity Shares of ₹ 10 each	As at 31.03.2020		As at 31.03.2019	
	No. of Shares held	%age of Holding	No. of Shares held	%age of Holding
Chand Devi Jain	13,87,242	28.99%	13,87,242	28.99%
KJMC Corporate Advisors (I) Ltd.	9,50,000	19.85%	9,50,000	19.85%
KJMC Shares & Securities Ltd.	2,45,000	5.12%	2,45,000	5.12%
I. C. Jain HUF	2,67,065	5.58%	2,67,065	5.58%

Particulars	(₹ in '000's)		
	As at 31.03.2020	As at 31.03.2019	As at 01.04.2018
Note -22 : Other Equity Securities Premium			
As per last balance sheet	14,410	14,410	14,410
Add : Received during the year	-	-	-
Less: Deduction during the year	-	-	-
Closing Balance	14,410	14,410	14,410
General Reserve :			
As per last balance sheet	2,785	2,760	2,760
Add : Addition during the year	-	25	-
Less: Deduction during the year	-	-	-
Closing Balance	2,785	2,785	2,760
Capital Redemption Reserve :			
As per last balance sheet	49,900	49,900	49,900
Add : Addition during the year	-	-	-
Less: Deduction during the year	-	-	-
Closing Balance	49,900	49,900	49,900
Other Comprehensive Income'			
Employee Benefit	1,30,361	1,63,156	-
Increase/(Loss) in Fair Value of Investment	(63)	6	42
Increase/(Loss) in Fair Value of Investment	5,192	(29,932)	1,94,666
Loss on Sale of Investments, Futures & Options (Net)	(927)	(223)	-
Tax	5,489	3,615	(31,552)
	1,43,686	1,30,361	1,63,156
Special Reserve			
As per last balance sheet	10,425	10,222	10,222
Add : Addition during the year	-	203	-
Less : Deduction during the year	-	-	-
Closing Balance	10,425	10,425	10,222
Surplus/(Deficit) in the statement of profit and loss			
Balance brought forward from last year	16,919	25,440	33,397
Add:			
Profit for the Year	(16,469)	(8,293)	-
Increase in Fair Value of Investment - Unlisted	-	-	(104)
Decrease in Fair Value of Financial Instrument held for Trading	-	-	(217)
Increase/(Loss) in Fair Value of Mutual	-	-	4,178
Ex gratia Impact	-	-	68
Adjustment of Goodwill	-	-	(10,763)
Amount available for appropriation	450	17,147	26,559
Less : Appropriations			
a) Special Reserve *	-	203	995
b) General Reserve	-	25	124
Balance carried forward	450	16,919	25,440
Total	2,21,656	2,24,800	2,65,888

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CIN NO : L65100MH1988PLC047873

(₹ in '000's)

Particulars	For the year ended	
	31 st March 2020	31 st March 2019
Balance of the Beginning of the year	47,857	47,857
Changes in equity	-	-
	47,857	47,857

Other Equity for the year ended 31st March 2020

Reserves and Surplus

(₹ in '000's)

Particulars	Note No	General Reserve	Securities Premium	Capital Redemption Reserve	Other Comprehensive Income'	Special Reserve	Profit & Loss A/c	Total
Balance as on 31.03.2019	22	2,785	14,410	49,900	1,30,361	10,425	16,919	2,24,800
Profit after tax		-	-	-	-	-	(16,469)	(16,469)
Other Comprehensive Income (Net of tax)					13,325	-		13,325
		2,785	14,410	49,900	1,43,686	10,425	450	2,21,656
Transfer to Reserve		-	-	-	-	-	-	-
Balance as on 31.03.2020		2,785	14,410	49,900	1,43,686	10,425	450	2,21,656

Other Equity for the year ended 31st March 2019

Reserves and Surplus

(₹ in '000's)

Particulars	Note No	General Reserve	Securities Premium	Capital Redemption Reserve	Fair Value Reserve	Special Reserve	Profit & Loss A/c	Total
Balance as on 31.03.2018	22	2,760	14,410	49,900	1,63,156	10,222	25,440	2,65,888
Addition								
Transfer to reserve		25	-	-	-	203	-	228
Profit after tax		-	-	-	-	-	(8,293)	(8,293)
Other Comprehensive Income (Net of tax)		-	-	-	(32,795)	-	-	(32,795)
		2,785	14,410	49,900	1,30,361	10,425	17,147	2,25,028
Transfer to Reserve		-	-	-	-	-	228	228
Balance as on 31.03.2019		2,785	14,410	49,900	1,30,361	10,425	16,919	2,24,800

As per our report of even date attached

For V. P. Thacker & Co.

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala

Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

For and on behalf of the Board of Directors

KJMC FINANCIAL SERVICES LIMITED

Rajnish Jain
Whole time Director
DIN: 00151988

Girish Jain
Director
DIN: 00151673

Pradeep Poddar
Chief Financial Officer

Akash Anchan
Company Secretary

Place : Mumbai
Date : 15th July 2020

(₹ in '000's)

Particulars	For the year ended 31 st March 2020				For the year ended 31 st March 2019			
	FVOCI	Amortised Cost	FVPTL	Total	FVOCI	Amortised Cost	FVPTL	Total
Note -23 : Interest Income								
on Loans	-	10,782	-	10,782	-	13,433	-	13,433
on Investment	-	-	-	-	-	-	-	-
on Others	-	78	-	78	-	25	-	25
		10,860		10,860		13,458		13,458

Particulars	(₹ in '000's)	
	For the year Ended 31.03.2020	For the year ended 31.03.2019
Note -24 : Revenue from Operations		
Profit on Sale of Investments,Futures & Options (Net)	229	893
Professional Fees Income	1,513	-
Net gain in fair value changes	63	1,254
Gain on Equity Investments	768	3,926
Dividend Income	3,481	2,204
Processing & Documentation Fees	1,051	1,733
Total	7,105	10,010
Note -25 : Other Income		
Compensation for Use of Office & Common Facilities	613	556
Miscellaneous Income	248	531
Interest Income_Others	4,810	2,953
Total	5,671	4,040
Note -26 : Finance Costs		
Interest to other/NBFC	5,390	6,764
Interest to Bank	7,595	6,551
Bank Charges	214	96
Total	13,199	13,411
Note -27 : Employee Benefit Expenses		
Salaries and wages	14,548	8,235
Contribution / provisions to provident, Gratuity and other provisions.	428	425
Staff welfare expenses	914	1,504
Total	15,890	10,164
Note -28 : Other Expenses		
Advertisement	152	56
Auditors Remuneration (for break up refer below)	213	179
Business Promotion Expenses	453	642
Electricity Expenses	303	299
Contractual Services	(2)	-
Infrastructural Support service Expenses	236	238
Insurance Expenses	30	41
Computer Software Expenses	544	90
Legal Fees	201	135

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	(₹ in '000's)	
Particulars	For the year Ended 31.03.2020	For the year ended 31.03.2019
Listing Fees	300	250
Miscellaneous Expenses	1,232	1,308
Motor Car Expenses	120	88
Loan Processing Charges	-	1,112
Dealer Commission	81	-
Service Charge	1,557	1,890
Office Maintenance & Utility Expenses	158	163
Postage & Telegram	34	111
Printing & Stationery	292	139
Professional & Consul. Fees Exp	1,254	822
Rent	79	1,825
Repairs & Maintenance (Others)	44	39
Subscription & Membership	71	53
Travelling Expenses	1,000	482
Provision for Standard Asset	20	11
Total	8,372	9,973
As Statutory Auditor		
As Audit Fees	101	83
For Taxation matters	15	10
For Limited Review	83	68
For reimbursement of expenses/Service Tax	14	18
	213	179

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31,2020

29. Contingent Liabilities:

Claims against the Group for the financial Year is NIL (Previous Year Nil)

30. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ NIL (Previous Year ₹ NIL)

31. Earnings per Share:

(₹ in 000's)

Particulars	31.03.2020	31.03.2019
Net Profit / (Loss) for the year (₹ in '000)	(16,465)	(8,293)
The weighted average Number of Equity Share (Nos.)- (Basic)	47,85,740	47,85,740
The weighted average Number of Equity Share (Nos.)- (Diluted)	47,85,740	47,85,740
Face value (₹)	10	10
Earnings per Share (Basic)	(3.44)	(1.73)
Earnings per Share (Diluted)	(3.44)	(1.73)

32. Earnings and Expenditure in Foreign Currency

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

Expenditure in Foreign Currency - C.Y. ₹ ('000') (P.Y. (₹ 101 ('000')))

33. Related party disclosures under Accounting Standard 18
List of related parties
a) Key Management Personnel

Rajnish Jain	-	Whole Time Director
Pradeep Poddar	-	Chief Financial Officer.
Akash Anchan	-	Company Secretary

b) Relatives of Whole Time Director.

Inderchand Jain	-	Father of Whole time Director
Chanddevi Jain	-	Mother of Whole time Director
Girish Jain	-	Brother of Whole time Director
Shraddha Rajnish Jain	-	Wife of Whole time Director
Pratham Jain	-	Son of Whole time Director

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

KJMC Corporate Advisors (India) Limited	KJMC Capital Market Services Limited
KJMC Shares and Securities Limited	KJMC Credit Marketing Limited
Puja Trades & Investments Pvt Ltd	AKIP Venture Private Limited
Prathmesh Enterprises Private Ltd	KJ Golden Real Estate Private Limited
KJMC Investment Company	KJ Diamond Real Estate Private Limited
KJMC e.Business Ventures Private Limited	

d) Associates

KJMC Platinum Builders Private Limited
--

Transactions during the year with related parties:

(₹ in 000's)

Sr. No.	Nature of Transactions with related parties	Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/ relatives are able to exercise significant influence	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
1	Interest Income						
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	133	204
	Rajnish Jain	-	-	171	-	-	-
	KJMC Investment Co	-	-	-	-	23	64
2	Interest Expenses						
	KJMC Platinum Builders Pvt Ltd	-	-	-	-	638	795
	KJMC Realty Pvt Ltd	-	-	-	-	1,425	458
3	Board Meeting Fees						
	Inderchand Jain	-	-	20	20	-	-
	Aditi Jain	-	-	4	16	-	-
	Shraddha Jain	-	-	16	-	-	-
	Girish jain	-	-	17	19	-	-
4	Salary and Perquisites						
	Rajnish Jain	-	-	7,810	4,398	-	-
5	Loan given to Borrower						
	Rajnish Jain	-	-	9,800	-	-	-
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	750
	KJMC Investment Co	-	-	-	-	-	120
7	Repayment of Loan by Borrower						
	KJMC Investment Company	-	-	-	-	305	320
	Prathmesh Enterprises Pvt Ltd	-	-	-	-	-	1,700
8	Loan Taken						
	KJMC Realty Pvt Ltd	-	-	-	-	-	10,000

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(₹ in 000's)							
Sr. No.	Nature of Transactions with related parties	Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/ relatives are able to exercise significant influence	
		31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
9	Loan Repaid						
	KJMC Platinum Builders Pvt Ltd	-	-	-	-	1,250	1,300
	Inderchand Jain	-	-	-	-	-	10,000
10	Rent Income						
	KJMC Corporate Advisors (India) Ltd	-	-	-	-	30	30
11	Infrastructural Support Services						
	KJMC Capital Market Services Ltd	-	-	-	-	238	238
12	Brokerage Charges						
	KJMC Capital Market Services Ltd	-	-	-	-	23	146
13	Depository Charges						
	KJMC Capital Market Services Ltd	-	-	-	-	-	55
14	Reimbursement of Expenses Paid						
	Pratham R Jain (Fees & Accommodation Charges)	-	-	735	1,366	-	-
	KJMC Corporate Advisors (India) Ltd	-	-	-	-	62	31
15	Balances in Investment in Associates						
	KJMC Platinum Builders Pvt. Ltd.	12,635	12,635	-	-	-	-
16	Net Receivables						
	Puja Trades & Investments Pvt Ltd (Security Deposit)	-	-	-	-	19,000	19,000
	Prathmesh Enterprises Pvt Ltd.					970	950
	KJMC Investment Co (Loan)	-	-	-	-	-	305
17	Net Payables						
	KJMC Capital Market Services Ltd (Security Deposit)	-	-	-	-	10,000	10,000
	Inderchand Jain (Loan)	-	-	-	-	1,000	1,000
	KJMC Corporate Advisors (India) Ltd (Security Deposit)	-	-	-	-	1,500	1,500
	KJMC Realty Pvt Ltd	-	-	-	-	11,695	10,413
	KJMC Platinum Builders Pvt Ltd (Loan)	-	-	-	-	4,796	6,000
18	Security and Corporate Guarantee given by						
	Puja Trades & Investments Pvt Ltd					39,300	39,300

Managerial Remuneration is calculated as per schedule V of the Companies Act, 2013

34. Obligations on long-term, non-cancellable operating leases

The lease rentals charged during the period and the obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in 000's)

Particulars	Year Ended	
	31.03.2020	31.03.2019
Lease rental recognized during the year	1,800	1,800
Lease obligation Payable		
Within one year of the balance sheet date	4,80	1,800
Due in a period between one year and five years		1,200

35. Financial risk management objective and policies

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Group's principal financial assets include investments, loans, trade receivables, other receivables, and cash and cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks.

a) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, other financial instruments.

1) Interest rate risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair value of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that future cash flows of floating interest bearing investments will vary because of fluctuations in interest rates.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term loan from banks. Redeemable preference shares carries fixed coupon rate and hence is not considered for calculation of interest rate sensitivity of the company.

(₹. in '000's)

	As at 31st March'20	As at 31st March'19	As at 1st April'18
Variable rate borrowings*	86,897	1,00,776	1,02,332

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact of change in interest rate of borrowings, as follows:

(₹ in '000's)

	Increase/ decrease in basis points	Effect on Profit before tax
As on 31 March 2020	+ 50 / - 50	434.49
As on 31 March 2019	+ 50 / - 50	503.88
As on 1 April 2018	+ 50 / - 50	511.66

2) Foreign currency risk:

The Group enters into transactions relating to expenses in currency other than its functional currency. The Group makes advance payment for buying of foreign currency to be used for expenses incurred and is therefore not exposed to foreign currency risk. As there are no outstanding assets or liabilities denominated in foreign currency at any point of time, there is no need to hedge the currency risk. Thus, exchange rate exposures are not hedged considering the insignificant impact and period involved on such exposure.

The Group does not have any foreign currency risk. Hence no sensitivity analysis is required.

b) Credit Risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deposits and loans given, investments and balances at bank.

The Parent Company measures the expected credit loss of on loans given to customers/borrowers based on historical trend, industry practices and the business environment in which the entity operates. Expected Credit Loss(ECL) on loans is calculated based on past trends based on the historical data.

Based on the ECL assessment, there is no requirement of provision for the credit losses, hence the company has continued to provide for its loan at the standard rate of 0.25%.

Credit risk on cash and cash equivalents is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. Investments primarily include investment in equity shares, Mutual Funds.

c) Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The Group's principal source of liquidity are cash and cash equivalents and the cash flow i.e. generated from operations. The Group consistently generated strong cash flows from operations which together with the available cash and cash equivalents and investments provides adequate liquidity in short terms as well in the long term.

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The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at:

(₹ in '000's)

	Carrying Amount / fair value	31-Mar-20			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	336	336	-	-	336
Borrowings	1,05,820	1,04,904	916	-	1,05,820
Debt Securities	25,000	-	25,000	-	25,000
Other financial liabilities	2,595	2,595	-	-	2,595
Deposits	11,500	-	-	11,500	11,500
	1,45,251	1,07,835	25,916	11,500	1,45,251

(₹ in '000's)

	Carrying Amount / fair value	31-Mar-19			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	318	318	-	-	318
Borrowings	1,20,097	1,18,663	1,434	-	1,20,097
Debt Securities	-	-	-	-	-
Other financial liabilities	2,364	2,364	-	-	2,364
Deposits	11,747	-	-	11,747	11,747
	1,34,526	1,21,345	1,434	11,747	1,34,526

(₹ in '000's)

	Carrying Amount / fair value	1-Apr-18			Total
		Less than 1 year	2-5 years	More than 5 years	
Financial Liabilities					
Other payables	253	253	-	-	253
Borrowings	1,20,662	1,20,662	-	-	1,20,662
Debt Securities	-	-	-	-	-
Other financial liabilities	674	674	-	-	674
Deposits	11,747	-	-	11,747	11,747
	1,33,336	1,21,589	-	11,747	1,33,336

ii) Capital Management

For the purpose of Group's capital management, capital includes issued capital and other equity reserves. The primary objective of the Group's Capital Management is to maximize shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using gearing ratio, which is Net debt divided by total capital.

(₹ in '000's)

	As at 31-Mar-20	As at 31-Mar-19	As at 01-Apr-18
Gross debt (inclusive of long term and short term borrowing)	1,30,820	1,20,097	1,20,662
Less: Cash and cash equivalents	69,896	69,209	2,119
Net debt	60,924	50,888	1,18,543
Total equity	2,69,513	2,72,657	3,13,745
Total capital	3,30,437	3,23,545	4,32,288
Gearing ratio	18.44%	15.73%	27.42%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019

iii) Categories of financial instruments and fair value thereof

(₹ in '000's)

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018		
	FVTOCI	FVTPL	Amortised	FVTOCI	FVTPL	Amortised	FVTOCI	FVTPL	Amortised
			Cost			Cost			Cost
A) Financial assets (other than investment in subsidiaries & Assoc)									
Cash and cash equivalents	-	-	1,496	-	-	809	-	-	719
Bank Balance other than (a) above	-	-	68,400	-	-	68,400	-	-	1,400
Loans	-	-	66,196	-	-	58,330	-	-	53,512
Derivative Financial Asset	-	-	-	-	-	-	807	-	-
Investments	2,53,216	3,492	-	2,55,608	8,282	-	3,14,674	68,219	-
Other financial assets	-	-	22,173	-	-	22,255	-	-	20,931
total financial assets	2,53,216	3,492	1,58,265	2,55,608	8,282	1,49,794	3,15,481	68,219	76,562
B) Financial liabilities									
Other payables	-	-	336	-	-	318	-	-	253
Borrowings	-	-	1,05,820	-	-	1,20,097	-	-	1,20,662
Debt Securities	-	-	25,000	-	-	-	-	-	-
Other financial liabilities	-	-	2,595	-	-	2,364	-	-	674
Deposits	-	11,500	-	-	11,747	-	-	11,747	-
total financial liabilities	-	11,500	1,33,751	-	11,747	1,22,779	-	11,747	1,21,589

The management assessed that cash and cash equivalents and bank balances, trade receivables, other financial assets, certain investments, trade payables and other current liabilities approximate their fair value largely due to the short-term maturities of these instruments. Difference between carrying amount and fair value of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the year presented.

iv Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities. Disclosures of fair value measurement hierarchy for assets and liabilities as at 31 March 2020

(₹ in '000's)

Financial assets	As at 31 March 2020				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	2,40,222	2,40,222	2,36,547	-	3,675
Financial assets measured at FVTPL					
Investments	3,492	3,492	2,117	-	1,375
Financial assets measured at amortised cost					
Investments	12,994	12,994	-	12,994	-
Total	2,56,708	2,56,708	2,38,664	12,994	5,050

(₹ in '000's)

Financial assets	As at 31 March 2019				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	2,42,222	2,42,222	2,39,427	-	3,278
Financial assets measured at FVTPL					
Investments	8,282	8,282	5,675	-	2,607
Financial assets measured at amortised cost					
Investments	12,903	12,903	-	12,903	-
Total	2,63,890	2,63,890	2,45,102	12,903	5,885

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(₹ in '000's)

Financial assets	As at 1 April 2018				
	Carrying Value	Fair value	Level 1	Level 2	Level 3
Financial assets measured at FVTOCI					
Investments	3,00,651	3,00,651	2,97,755	-	2,896
Financial assets measured at FVTPL					
Investments	68,219	68,219	66,711	-	1,508
Financial assets measured at amortised cost					
Investments	14,023	14,023	-	14,023	-
Total	3,82,893	3,82,893	3,64,466	14,023	4,404

Fair Value Hierarchy :

- a) Investments included in Level 1 of fair value hierarchy are based on prices quoted in stock exchange and/ or NAV declared by the funds.
- b) Investments included in Level 2 of fair value hierarchy have been valued based on inputs from banks and other recognised institutions such as FIMMDA/ FEDAI
- c) Investments included in Level 3 of fair value hierarchy have been valued using acceptable valuation techniques such as Net Asset Value and/ or Discounted Cash Flow Method.

Note : All financial instruments for which fair value is recognised or disclosed are categorised within the Fair Value Hierarchy described as above, based on the lowest level input that is significant to the fair value measurement as a whole.

36. Employee Benefits plans Defined Benefit plans

A. Gratuity

The Parent company provides gratuity benefits to the whole time director of the company. The Group has not established any fund for the payment of the gratuity liability however has created a provision for gratuity liability based on Actuary Valuer report.

Movement in defined benefits obligations

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Present Value of Benefit Obligation at the Beginning of the Period	409	313
Interest Cost	32	24
Current Service Cost	79	78
Past Service Cost	-	-
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	-	-
(Benefit Paid From the Fund)	-	-
The Effect Of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	47	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	17	(6)
Present Value of Benefit Obligation at the End of the Period	584	409

Reconciliation of net liability / asset

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Opening Net Liability	409	313
Expenses Recognized in Statement of Profit or Loss	112	102
Expenses Recognized in OCI	63	(6)
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	-	-
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	584	409

Expenses charged to the statement of Profit and Loss

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Current Service Cost	79	78
Net Interest Cost	32	24
Past Service Cost	-	-
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments And Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	111	102

Measurement (gains)/ Losses in other comprehensive income.

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
Actuarial (Gains)/Losses on Obligation For the Period	63	(6)
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	63	(6)

Amount recognized in Balance Sheet.

(₹ in '000's)

Particulars	As at 31 st March 2020	As at 31 st March 2019
(Present Value of Benefit Obligation at the end of the Period)	(584)	(409)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(584)	(409)
Net (Liability)/Asset Recognized in the Balance Sheet	(584)	(409)

Change in the Fair Value of Plan Assets

Particulars	As at 31 st March 2020	As at 31 st March 2019
Fair Value of Plan Assets at the Beginning of the Period	-	-
Interest Income	-	-
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-

(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-
(Expenses and Tax for managing the Benefit Obligations- paid from the fund)	-	-
Effects of Asset Ceiling	-	-
The Effect of Changes In Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	-	-

B. Defined Contribution Scheme

The Employee's Provident Funds Scheme, 1952 is not applicable to the Group. However, the parent company extends provident fund benefits to its whole time director. The employer contribution to the Provident Fund together with the employee deduction is deposited in the Recognized Provident Fund and is charged as an expense as and when accrued and incurred.

Other than the above, the Group does not operate any superannuation, pension, ESOP or any other defined benefit or defined contribution scheme for the benefit of its employees.

37. First-time adoption of Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The Group has prepared its Ind AS compliant financial statements for year ended on 31 March 2020, the comparative period ended on 31 March 2019 and an opening Ind AS Balance Sheet as at 1 April 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at 1 April 2018 and the financial statements as at and for the year ended 31 March 2019.

For periods ended up to the year ended 31 March 2019, the Group had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

(A) Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which were considered to be material or significant by the Company.

Mandatory exceptions

The Group has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below:

- (i) Estimates
Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

The Group's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.
- (ii) Derecognition of financial assets and financial liabilities

As set out in Ind AS 101, the Group has applied the derecognition requirements of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.
- (iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.
- (iv) Impairment of financial assets

As set out in Ind AS 101, an entity shall apply the impairment requirements of Ind AS 109 retrospectively if it does not entail any undue cost or effort. The Group has assessed impairment of financial assets in conformity with Ind AS 109.

Optional exemptions availed

- (i) Investment in subsidiary
Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Parent Company has elected to measure its investment in subsidiary as per previous GAAP carrying value.

- (ii) Leases
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be material.

The Group has elected to apply this exemption for such contracts/arrangements.

- (iii) Property, Plant and Equipment
The Company has elected to continue with carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as its deemed cost at the date of transition. This exemption is also used for intangible assets covered by Ind AS 38, Intangible Assets. Accordingly the management has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

(B) Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS

Reconciliation of equity as at date of transition 1 April 2018 and as at 31 March 2019

(₹ in '000's)

	Notes to First time Adoption	As at 31 st March 2019			As at 1 st April 2018		
		Previous GAAP	Adjustment	Ind AS	Previous GAAP	Adjustment	Ind AS
ASSETS							
Financial Assets							
(a) Cash and cash equivalents		809	-	809	719	-	719
(b) Bank Balance other than (a)		68,400	-	68,400	1,400	-	1,400
(c) Derivative Financial Instrument		-	-	-	807	-	807
(d) Loans		58,330	-	58,330	53,512	-	53,512
(e) Investments	1&3	1,19,507	(1,44,383)	2,63,890	1,84,371	(1,98,522)	3,82,893
(f) Other Financial Assets.		22,255	-	22,255	20,931	-	20,931
Non-Financial Assets							
(a) Current Tax Assets		4,938	-	4,938	3,399	-	3,399
(b) Deferred Tax Assets (Net)		13,501	-	13,501	13,729	-	13,729
(c) (i) Property, Plant & Equipment		3,715	-	3,715	2,196	-	2,196
(d) Other Non Financial Assets.		373	-	373	148	-	148
Total assets		2,91,828	(1,44,383)	4,36,211	2,81,212	(1,98,522)	4,79,734
Financial Liabilities							
(a) Payables							
(l) Other Payables							
(A) Others		318	-	318	253	-	253
(b) Debt Securities		-	-	-	-	-	-
(c) Borrowings(other than Debt Securities)		1,20,097	-	1,20,097	1,20,662	-	1,20,662
(d) Deposits		11,747	-	11,747	11,747	-	11,747
(e) Other Financial Liabilities	4	2,349	(15)	2,364	674	-	674
Non-Financial Liabilities							
(a) Provision	2	684	130	554	558	110	448

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(₹ in '000's)

	Notes to First time Adoption	As at 31 st March 2019			As at 1 st April 2018		
		Previous GAAP	Adjustment	Ind AS	Previous GAAP	Adjustment	Ind AS
(b) Other Non Financial Liabilities		537	-	537	653	-	653
(c) Deferred Tax Liabilities (OCI)	1	-	(27,937)	27,937	-	(31,552)	31,552
Equity							
(a) Equity Share Capital		47,857	-	47,857	47,857	-	47,857
(b) Other Equity	1 to 4	1,08,239	(1,16,561)	2,24,800	98,808	(1,67,080)	2,65,888
Total liabilities and equity		2,91,828	(1,44,383)	4,36,211	2,81,212	(1,98,552)	4,79,734

Reconciliation of equity as at 1 April 2018 and as at 31 March 2019 summarized in below table

(₹ in '000's)

Particulars	As at 31-Mar-19	As at 01-Apr-18
Equity as reported under previous GAAP	(A) 1,56,096	1,46,665
Adjustments		
Impact due to fair valuation of investment designated under FVOCI	1,44,044	1,94,562
Fair valuation of investment classified under FVTPL	339	3,960
Re-measurement gains/(losses) on defined benefit plans	130	110
	(B) 1,44,513	1,98,632
Less : Deferred Tax Adjustment	(27,937)	(31,552)
Impact Due to Deferred Processing Fees	(15)	-
	(C) (27,952)	(31,552)
(A+B-C)	2,72,657	3,13,745

Reconciliation of total comprehensive income for the year ended 31 March 2019

(₹ in '000's)

PARTICULARS	Previous GAAP	Adjustment	Ind AS
Interest Income	13,433	25	13,458
Profit on Sale of Investments - MF	6,130	(5,237)	893
Net gain on Fair Value Changes	-	1,254	1,254
Profit on Sale of Investments - Shares	13,939	(13,939)	-
Dividend Income	2,204	-	2,204
Share in Partnership Firm	198	(198)	-
Processing & Documentation Fees	1,748	(15)	1,733
Gain on Equity Investments	3,530	396	3,926
Revenue from Operations	41,182	(17,714)	23,468
Other Income	3,515	525	4,040
Total Revenue	44,697	(17,189)	27,508
Expenses:			
Finance Costs	12,885	525	13,411
Employee Benefits Expenses	10,177	(13)	10,164
Depreciation and Amortization Expenses	897	-	897
Other Expenses	9,948	25	9,973
Total Expenses	33,907	538	34,445
Profit Before Tax	10,788	(17,727)	(6,937)
Tax Expense:			
(1) Current tax	1,835	-	1,835
(2) Deferred tax	340	-	340

PARTICULARS	Previous GAAP	Adjustment	Ind AS
(3) MAT Credit	(1,836)	-	(1,836)
(4) Earlier Period Taxes	47	-	47
	386	-	386
Profit for the Year	10,648	(17,727)	(7,211)
Add : Profit / (Loss) in Share of Associates	(1082)	-	(1082)
	9,434	(17,727)	(8293)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Profit / (Loss) on Sale of Investments (Equity)	-	(223)	(223)
Remeasurement gains/(losses) on defined benefit plans	-	6	6
Net Gain / (Loss) on Fair Value Changes	-	(36,193)	(36,193)
Tax impact on above	-	3,615	3,615
Other comprehensive income for the year (net of tax)	-	(32,795)	(32,795)
Total	9.434	(50,522)	(41,088)

Reconciliation of total comprehensive income for the year ended 31 March 2019 summarised in below table

(₹ in '000's)

Particulars	Year Ended 31 st March, 2019
Profit after tax as reported under Previous GAAP	9,434
Adjustments resulting in increase/(decrease) in profit after tax as reported under Previous GAAP :	
I) Others	13
I) Gain/(Loss) on fair valuation of Investments classified under FVTPL	(3,587)
II) Deferred Income of Processing fees	(15)
III) Tax impact on above adjustments	-
Profit after tax as reported under Ind AS	5,845
I) Gain/(Loss) on fair valuation of Investments classified under FVOCI	(50,554)
II) Other Comprehensive Income (loss)	6
III) Tax impact on above adjustments	3,615
Total Comprehensive Income (after tax) as reported under Ind AS	(41,088)

Notes to first time adoption of Ind AS
(1) Fair valuation of investments subsequently measured under FVTPL and FVOCI

Under the previous GAAP, investments in mutual funds were classified as current investments and equity shares held for trading were classified as stock in trade. Both Current investments and Stock in Trade were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

Investments in equity shares held for other than trading were classified as long term investments and were carried a cost less impairment other than temporary under the previous GAAP. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognized in retained earnings (net of related deferred taxes) as at the date of transition and subsequently in the other comprehensive income for the year ended 31 March 2020.

(2) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the Statement of Profit and Loss for the year. There is no impact on the total equity.

(3) Components of other comprehensive income (OCI)

Under Ind AS, following items has been recognised in other comprehensive income in the Statement of Profit and Loss of the Company:

- Re-measurement gains/(losses) on defined benefit plans
- Changes in fair value of FVOCI equity instruments.

(4) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognized upfront on an accrual basis. Under Ind AS, transaction costs/incomes related to direct sourcing of retail loans/borrowings are apportioned over the tenor of the loan and the unamortized portion is adjusted in retained earnings as on 31st March 2019 and subsequently in the Statement of Profit and Loss for the year ended 31 March 2020.

As on the date of transition, since there were no direct retail lending transactions during the period, no transaction costs have been apportioned

All above adjustments, except remeasurement gains/(losses) on defined benefit plans as set out in note (2) above, are recognized in other comprehensive income reserve (net of related deferred taxes) as at the date of transition and for the year ended 31 March 2019 and subsequently in the OCI section in the Statement of Profit and Loss for the year ended 31 March 2019.

Impact of Ind AS adoption on the Statement of Cash Flows for the year ended 31 March 2019

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended 31 March 2019.

- 38.** The Mumbai Bench of the Hon'ble National Company Law Tribunal (NCLT) vide its Order dated March 03, 2020 had granted approval for the Scheme of Amalgamation of KJMC Asset Management Company Limited (KAMCL) ("the First Transferor Company") and KJMC Investment Trust Company Limited (KITCL) ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("Scheme"). KJMC Asset Management Company Limited (KAMCL) ("the First Transferor Company") and KJMC Investment Trust Company Limited (KITCL) ("the Second Transferor Company") both are the wholly owned subsidiary companies of KJMC Financial Services Limited ("the Transferee Company"). The copy of order is received from the Hon'ble National Company Law Tribunal (NCLT) and duly filed with the Office of Registrar of Companies, Mumbai. The Appointed date for the sanctioned Scheme of Amalgamation is April 1, 2018. Accordingly, the figures for the previous financial year have been restated/recasted to give effect to the Scheme of Amalgamation with effect from 1st April'2018.
- 39.** The COVID -19 pandemic has caused disruption to businesses and economic activity which has been reflected in recent fluctuations in markets across the globe. The vehicle loan disbursement business has been affected due to closure of dealers' showrooms during the lockdown period. It has also impacted credit and collection operations. The company has offered eligible borrowers to seek moratorium in the payment of EMI in line with guideline issued by Reserve Bank of India. At this point of time Company does not foresee any major impact on the loan book.
- 40.** It is difficult to assess definite future impact of COVID -19 on business operations at this point of time where lifting of 100% lockdown is not certain. However, we are confident to sail through this crisis smoothly through our consumers, our committed employees and our quality of leadership.
- 41.** 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.
- 42.** 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 V. P. Thacker & Co.**

Chartered Accountants
Registration No: 118696W

Abuali Darukhanawala
Partner
Membership No. 108053

Place : Mumbai
Date : 15th July 2020

**For and on behalf of the Board of Directors
KJMC FINANCIAL SERVICES LIMITED**

Rajnish Jain
Whole time Director
DIN: 00151988

Pradeep Poddar
Chief Financial Officer

Place : Mumbai
Date : 15th July 2020

Girish Jain
Director
DIN: 00151673

Akash Anchan
Company Secretary

KJMC FINANCIAL SERVICES LIMITED

Registered Office: 162, Atlanta, 16th Floor,
Nariman Point, Mumbai-400021.
Tel. No.: 022-4094 5500. Email: investor.finance@kjmc.com

PROXY

Form No. MGT-11

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

CIN : L65100MH1988PLC047873
 Name of the Company : KJMC Financial Services Limited
 Registered office : 162, Atlanta, 16th Floor, Nariman Point, Mumbai - 400021.
 Name of the Member(s) :
 Registered address :
 E-mail Id :
 Folio No/ Clint ID/DP ID :

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

- Name : Address :
E-mail Id : Signature : or failing him
- Name : Address :
E-mail Id : Signature : or failing him
- Name : Address :
E-mail Id : Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Thursday, December 24, 2020 at 11.00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jammalal Bajaj Marg, Nariman Point, Mumbai – 400021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Particulars of Resolution	Optional	
		For	Against
Ordinary Business			
1.	Adoptions of Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.		
2.	Re-appointment of Mr. Inderchand Jain (DIN: 00178901), who is liable to retire by rotation.		
Special Business			
3.	Appointment of Statutory Auditors to fill casual vacancy		
4.	Appointment of Statutory Auditors of the Company and fix their remuneration		
5.	Appointment of Mr. Anil Sampat (DIN: 06735051), aged 77 years, as an Independent Director of the Company		
6.	Appointment of Mr. Vijay Joshi (DIN: 00151550) as an Independent Director of the Company		
7.	Re-appointment of Mr. Rajnesh Jain (DIN: 00151988) as a Whole Time Director of the Company.		
8.	Issue Of Non- Convertible Debentures through Private Placement.		
9.	To Approve Material Related Party Transaction		

Signed this day of 2020



Signature of Shareholder

Signature of Proxy holder(s)

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

KJMC FINANCIAL SERVICES LIMITED

Registered Office : 162, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

32nd Annual General Meeting – December 24, 2020

I hereby record my presence at the 32nd ANNUAL GENERAL MEETING of the company held on Thursday, December 24, 2020 at 11.00 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jammalal Bajaj Marg, Nariman Point, Mumbai – 400021.

Full name of Member (IN BLOCK LETTERS)

Reg.Folio No./Demat ID

No. of shares held

Full name of Proxy (IN BLOCK LETTERS)

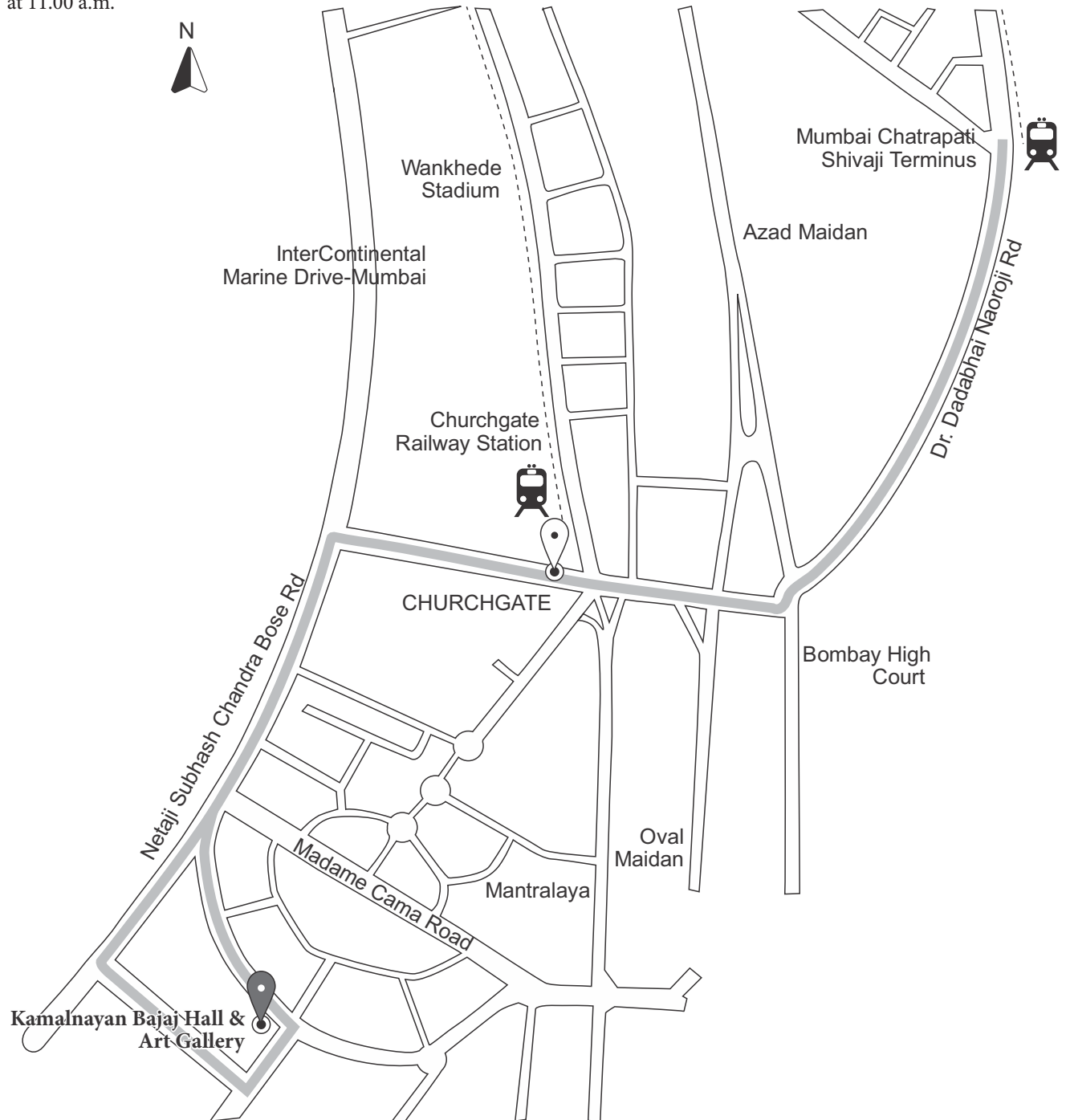
.....
Member's / Proxy Signature

REQUEST TO MEMBERS

Members are requested to send their question(s), if any, to the Company Secretary/Chief Financial Officer at the Registered Office of the Company, on or before December 18, 2020, so that the answers/details can be kept ready at the Annual General Meeting.

Route map to the AGM Venue of:

KJMC Financial Services Limited
32nd Annual General Meeting
Thursday, December 24, 2020
at 11.00 a.m.



Venue:

Kamalnayan Bajaj Hall,
Bajaj Bhavan, Jamnalal Bajaj Marg,
Nariman Point,
Mumbai - 400 021

BOOK - POST



To,



If Undelivered Please Return To:

KJMC FINANCIAL SERVICES LIMITED

Registered Office: 162, 16th Floor, Atlanta,

Nariman Point, Mumbai – 400 021

Tel.No.: 022-4094 5500

Email : investor.finance@kjmc.com CIN : L65100MH1988PLC047873