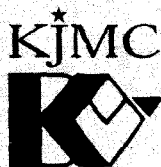


*Performing to Grow*  
*Growing to Excel*



**KJMC Financial Services Limited**

**21st Annual Report**  
**2008-2009**



<b>BOARD OF DIRECTORS</b>	:	Mr. I. C. Jain Mr. R. R. Kumar Mr. Rajnesh Jain Mr. Girish Jain Mr. S. C. Aythora Mr. Nitin Kulkarni	<i>Chairman</i>
<b>AUDITORS</b>	:	Baliboi and Purohit Chartered Accountants National Insurance Building, 204, D. N. Road, Fort, Mumbai - 400 001.	
<b>ADVOCATES AND SOLICITORS</b>	:	Malvi Ranchoddas & Co. Yusuf Building, 3rd Floor, Mahatma Gandhi Road, Mumbai - 400 023.	
<b>BANKERS</b>	:	HDFC Bank Limited Union Bank of India	Citi Bank UCO Bank
<b>REGISTERED OFFICE</b>	:	168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021. Tel. Nos. (022) - 4094 5500 (022) - 22832350 / 52 Fax No.91-022 - 22852892 Website : www.kjmc.com	
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400072 Tel. No. : 28470652/53 • Fax No. 28475207 E-mail : info@bigshareonline.com Counter Timings : 10.30 a.m. to 12.30 p.m. • 1.30 p.m. to 3.30 p.m.	
<b>GROUP BRANCH OFFICES</b>	:	<b>NEW DELHI</b> 221, Hans Bhavan Bahadur Shah Zafar Marg, New Delhi - 110 002.	<b>JAIPUR</b> 41, Jai Jawan Colony II Tonk Road, Durgapur, Jaipur - 302018.
		<b>AHMEDABAD</b> Broadway Business Centre, 1st Floor, Shahjanand Complex, C. G. Road, Ahmedabad 380 008.	

**TWENTYFIRST ANNUAL GENERAL MEETING**

**DATE** Saturday, 26th September, 2009  
**TIME** 3.30 P.M.  
**VENUE** S. K. SOMANI MEMORIAL HALL  
HINDI VIDYA BHAWAN  
79, MARINE DRIVE, 'F' ROAD,  
MUMBAI - 400020.

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## 21st Annual Report 2008-2009

### NOTICE

Notice is hereby given that Twenty First Annual General Meeting of the Members of **KJMC Financial Services Limited** will be held on Saturday, 26<sup>th</sup> September, 2009 at 3.30 P.M. at S. K. Somani Memorial Hall, Hindi Vidya Bhawan, 79-Marine Drive, 'F' Road, Mumbai - 400 020, to transact the following business :-

### ORDINARY BUSINESS:-

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon .
2. To declare Dividend on 12% Non Cumulative Redeemable Preference Shares
3. To appoint a Director in place of Mr. Rajnesh Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Girish Jain, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to authorize Board of Directors to fix their remuneration.

### FOR KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai  
Date: 27<sup>th</sup> June, 2009

(I. C. JAIN)  
CHAIRMAN

### NOTES:

- A) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company at 168, Atlanta, Nariman Point, Mumbai - 400021, not less than forty eight hours before the commencement of the meeting
- B) Members who hold Shares in dematerialized form are requested to bring their client ID and DP ID number for easy identification of attendance in the meeting.
- C) The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 19<sup>th</sup> September, 2009 to Saturday, 26<sup>th</sup> September, 2009 (both days inclusive) for the purpose of Annual General Meeting.
- D) As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of their holdings. Nomination Form can be obtained from the Company's Registrar and Transfer Agents
- E) Information required to be furnished under the Listing Agreement :The information required to be provided under the listing agreement entered into with the stock exchange regarding the Directors who are proposed to be re-appointed at the Annual General Meeting is given hereunder :

1. Name & Designation	Mr. Rajnesh Jain, Director
Date of Birth	31 <sup>st</sup> January, 1967
Qualifications	B Com FCA
Expertise	Having vast experience in Corporate Finance, Merchant Banking and Capital Market
Director of the Company since	30/06/2001

The other Directorships / Committee Membership of Shri Rajnesh Jain are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Limited		Executive Director
KJMC Technologies & Systems Ltd.		Director
Port City Infrastructure Development (India) Ltd.		Director
KJMC Shares & Securities Ltd.		Director
KJMC Capital Market Services Ltd.	Member of an Audit Committee	Director
KJMC Credit Marketing Limited		Director
KJMC Commodities Market India Ltd.		Director
Graham Firth Steel Products (India) Ltd.		Director
KJMC Golden Realty Pvt. Ltd.		Director
KJMC Realty Pvt. Ltd.		Director
Prathamesh Enterprises Pvt. Ltd.		Director

2. Name & Designation	Mr. Girish Jain, Director
Date of Birth	7 <sup>th</sup> May, 1971
Qualifications	B.E.(Electronics), MBA (Finance)
Expertise	He is having over 13 years of experience in Corporate Finance, Merchant Banking, Broking and Distribution.
Director of the Company since	21/09/1994

The other Directorships / Committee Membership of Shri Girish Jain are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Limited	Member of Share Transfer Committee	Director
KJMC Capital Market Services Limited	Member of an Audit Committee	Executive Director
KJMC Shares and Securities Ltd		Director
KJMC Technologies and Systems Limited		Director
KJMC Asset Management Company Ltd.		Director
KJMC Credit Marketing Limited		Director
KJMC Commodities Market India Limited		Director
KJMC Platinum Builders Private Limited		Director
KJMC Golden Realty Private Limited		Director

F) Members are requested to:

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

For KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai  
Date: 27<sup>th</sup> June, 2009

(I. C. JAIN)  
CHAIRMAN



**DIRECTORS' REPORT**

Members,  
KJMC Financial Services Limited  
Your Directors present the 21<sup>st</sup> Annual Report of the Company and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

	Year ended 31 <sup>st</sup> March, 2009 (Rs. in lakhs)	Year ended 31 <sup>st</sup> March, 2008 (Rs. in lakhs)
Total Income	94.81	152.65
Total Expenditure	70.00	78.13
<b>Profit Before Depreciation and Tax</b>	<b>24.81</b>	<b>74.52</b>
Less : Depreciation	7.29	6.03
Provision for Tax (Current & Deferred )	(8.68)	(19.73)
<b>Profit / (Loss) After Tax</b>	<b>26.20</b>	<b>88.22</b>
Add : Prior period item (net)	(0.02)	(1.74)
Add : Surplus as per last account	69.18	-
Disposable Profits	95.36	86.48
Appropriations towards :		
Special Reserve	5.24	17.30
General Reserve	2.62	—
Dividend on 12% Redeemable Preference Shares	10.20	0.00
Tax on Preference Dividend	1.73	0.00
Surplus Balance carried to Balance Sheet	75.57	69.18

**PERFORMANCE REVIEW**

During the year under review, your Company earned the gross income of Rs. 94.81 Lakhs as against Rs. 152.65 Lakhs in the previous year. The total expenditure during the year under review was Rs. 70.00 Lakhs as against Rs. 78.13 Lakhs in the previous year. The Net Profit after tax was Rs. 26.20 Lakhs as against Rs. 88.22 Lakhs in the previous year. Considering expectation of the Country's faster revival in the economy and consequential positive capital market sentiment, your directors expect better performance of the Company in the coming years.

**DIVIDEND: -**

In order to conserve the financial resources of the Company for the better future growth, your directors do not recommend any dividend on Equity Shares for the year under review. Your Directors recommend Dividend of Rs. 12/- per share on 12% Non Cumulative Redeemable Preference Shares of Rs.100/- each.

**RBI PRUDENTIAL NORMS: -**

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

**DIRECTORS: -**

Shri Rajnesh Jain and Shri Girish Jain, the Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**AUDITORS: -**

M/s. Balliboi & Purohit, Chartered Accountants, the Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. Your Company has received certificate from the Auditors u/s. 224(1B) of the Companies Act, 1956 to the effect that their reappointment, if made, will be within the limit prescribed. Members are requested to appoint Auditors and authorize the Board to fix their remuneration.

**FIXED DEPOSITS: -**

The Company has neither invited, nor accepted, nor renewed any fixed deposit from the public during the year and there was no outstanding deposit payable during the financial year ended 31<sup>st</sup> March, 2009.

**SUBSIDIARY COMPANIES: -**

The financial performance of the Company is presented in the standalone as well as consolidated statements. The accounts of the subsidiary companies for the year ended 31<sup>st</sup> March, 2009 are attached to the accounts of the company along with a statement in terms of section 212 of the Companies Act, 1956. The company is actively engaged in reviewing and re-organising its investments in Subsidiary Companies so as to channelise investments into those businesses which will contribute towards the future growth. During the year under review, your Company disposed off 100% of its holdings in KJMC Technologies & Systems Limited, Port City Infrastructure Development (India) Limited. Your Company also sold & transferred 50% of its holding in KJMC Capital Market Services Limited, KJMC Commodities Market India Limited and KJMC Credit Marketing Limited to KJMC Global Market (India) Limited after seeking necessary approvals wherever required. Consequently, these Companies have ceased to be the Company's Subsidiary.

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

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

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of Financial Year 31<sup>st</sup> March, 2009 and of the profit of the Company for that period ;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

**CORPORATE GOVERNANCE: -**

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

**MANAGEMENT DISCUSSION AND ANALYSIS :**

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

**LISTING OF SHARES: -**

Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE). Annual listing fees upto the year 2009-10 has been paid to the Bombay Stock Exchange Limited (BSE). The Company complied with the delisting formalities in respect of the other stock exchanges and consequently the Equity Shares of the Company were delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneswar and Calcutta Stock exchanges is awaited.

**PREFERENTIAL ALLOTMENT OF EQUITY SHARES**

During the year under review, the Company allotted 1,44,200 Equity Shares of Rs. 10/- each to 'I.C. Jain HUF', the person belonging to Promoter Group, consequent upon conversion of 1<sup>st</sup> tranche of warrants at a price of Rs. 23.19 (including premium of Rs. 13.19 per share) being the price determined in accordance with SEBI (Disclosure & Investor Protection ) Guidelines,2000 on Preferential Issues and Listing Agreement. The proceeds of equity shares issued by company are being used for the purpose for which they were raised.

**PARTICULARS OF EMPLOYEES: -**

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

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

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

**FOREIGN EXCHANGE EARNINGS AND OUTGO: -**

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

**INSURANCE:-**

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

**ACKNOWLEDGMENTS:-**

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

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

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 27<sup>th</sup> June, 2009

(I.C. Jain)  
Chairman

**MANAGEMENT DISCUSSION & ANALYSIS**

**1. ECONOMIC ENVIRONMENT:-**

During the large part of the financial year 2008-09 the leading financial markets across the globe developed strains and remained subdued with the adverse outcome of sub prime crises. Following the financial meltdown, global economic growth slowed down considerably reflecting drop in economic activities.

Powered by the size of its domestic market, Indian economy exhibited resilience to the pull down pressure of the global financial meltdown. The financial market continued to function in orderly fashion despite paralytic symptoms visible across developed markets. However, the economic growth momentum slowed down and capital inflow thinned out leading to subdued capital market and erosion in overall business sentiment.

As per the revised estimates of the Central Statistical Organisation (CSO), growth momentum of the domestic economy is estimated to be 6.7% during 2008-09 as compared to 9.0% during 2007-08. When the global economy stumbled during the year, such a growth may be viewed with positive prospects. All the constituent sectors experienced reduced growth, where the downside is more prominent in case of agriculture and manufacturing sectors.

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

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

Though market conditions would remain under pressure and volatile, growth of the economy is expected to remain above 5.5% during FY 2009-10. Such growth momentum and the revival plan would bestow sufficient platform to financial services companies to enlarge their business level. Your Company is currently well poised to play a larger role in the growth story of the economy and optimize its performance by leveraging the investments that have been made in the past and which are likely to have positive impact on the bottom line of your Company in the coming years.

Your company plans to step up its presence in areas such as bills discounting, securitization of rent receivables, loan against shares, Margin funding, Promoter funding etc. to meet the needs of its customers. Your company is making investments in infrastructure & technology to meet the demands of a growing business. Your Company is in the process of tying up debt financing for growing this business.

**3. FINANCIAL REVIEW**

During the year under review, your Company earned the gross income of Rs. 94.81 Lakhs as against Rs. 152.65 Lakhs in the previous year. The total expenditure during the year under review was Rs. 70.00 Lakhs as against Rs. 78.13 Lakhs in the previous year. The Net Profit after tax was Rs. 26.20 Lakhs as against Rs. 88.22 Lakhs in the previous year. Considering expectation of the Country's faster revival in the economy and consequential positive capital market sentiment, your directors expect better performance of the Company in the coming years.

**4. BUSINESS OUTLOOK**

The Indian economy is likely to continue to see further pressure in the year ahead. Growth is likely to slowdown further from 6.7% in the year ending March 31, 2009 to around 5.8% next year as industrial growth continues to decelerate, Investment momentum is likely to remain subdued amidst flat local demand even as accommodative monetary policy alongside receding inflationary risks, provide some support to growth. Demand for credit is unlikely to recover till domestic growth conditions improve. However, India will remain one of the fastest growing economy in the world and if risk appetite and global stability were to stage a comeback by the end of 2009-10, India will remain an attractive foreign investment destination. Your Company will increase its product base as far as raising resources and deploying them in safe and profitable manner. As far as Subsidiary Companies are concerned, your Company is working on plans to activate / expand them including looking for tie-ups / associations / joint ventures for fast-pacing the business plans.

**5. 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 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 apother 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.

**6. OPPORTUNITIES AND THREATS**

**Opportunities :**

- > Being a part of India's growth story
- > Utilize technology to provide solutions to customers
- > Low retail penetration of financial services

**Threats :**

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

**7. 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.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES**

During the year under review your company continued to lay great emphasis on human resources development to make its employees attain high standards in efficiency and productivity. It is our endeavour to create an environment where people can use all of their capabilities in support of the business. Therefore, your company encourages its employees to balance their work and personal responsibilities.

**REPORT ON CORPORATE GOVERNANCE FOR THE F.Y. 2008-2009**

**PHILOSOPHY OF CORPORATE GOVERNANCE**

Companies stand to gain immensely in the long run by adopting systems that increase accountability, transparency and fairness.

Your Company is committed to upholding the highest standards of Corporate Governance in its operations. The policies and practices are not only in line with the statutory requirement, but also reflect your Company's commitment to operate in the best interest of its stake holders. The responsibility for maintaining high standards of governance lies with your Company's Board of Directors and various Committee of the Board, which are empowered to monitor implementation of the best Corporate Governance practices including making necessary disclosures within the framework of legal and regulatory provisions and Company conventions besides its employees.

In this direction, your Company is committed to ensure that the Company's Board of Directors continued to be constituted as per the prescribed norms, meets regularly as per the prescribed frequency, provides effective leadership, exercises control over the management, monitors executive performance and makes appropriate disclosures. In addition, establishment of a framework of strategic control and continuous reviewing of its efficacy and establishment of clearly documented and transparent management processes for policy development, implementation and review, decision making, monitoring control and reporting are the other policy directives. Your Company provides free access to the Board of all relevant information, advices and resources to enable it to carry out its role effectively. In addition, the Company has appointed Compliance / Nodal officer for matters relating to RBI & Companies Act, etc.

Pursuant to Clause 49 of the Listing Agreement, your Company has complied fully with all the mandatory requirements of the Corporate Governance in all material aspects. As required by the Listing Agreement, a report on Corporate Governance is given below:

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

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

**2. BOARD OF DIRECTORS:**

The Company has a Non - Executive Chairman and the number of Independent Directors is one half of the total number of Directors. During the Financial Year 2008-2009, Six Meetings of the Board of Directors were held on 30<sup>th</sup> June 2008, 31<sup>st</sup> July, 2008, 27<sup>th</sup> September 2008, 25<sup>th</sup> October 2008, 31<sup>st</sup> January 2009 and 21<sup>st</sup> March 2009.

The particulars of Directors as on 31<sup>st</sup> March, 2009 are as follows:

Sr.No	Director	Category of Directorship	No. of BM attended		No. of Other Directorships held	Committee Membership(s)	
			attended	Last AGM attended		Chairman	Member
1	Mr. I. C. Jain	Chairman Non- Executive	5	No	7	1	3
2	Mr. R. R. Kumar	Non-Executive & Independent	6	Yes	6	3	3
3	Mr. Girish Jain	Non-Executive	6	Yes	9	1	4
4	Mr. Rajnesh Jain	Non-Executive	6	Yes	11	1	1
5	Mr. S.C. Aythora	Non-Executive & Independent	6	Yes	15	2	1
6	Mr. Nitin Kulkarni	Non-Executive & Independent	5	Yes	1		2



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

**Board Procedures**

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

**3. AUDIT COMMITTEE:**

**(a) Terms of Reference:**

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The functions of the Audit Committee are as per provisions of Company Law and Listing Agreement with the Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, internal control procedures and risk management policies. The Audit Committee discusses the Company's accounts before these are placed before the Board of Directors and also takes an overview of the company's financial reporting process. The Committee met four times during the year on 30<sup>th</sup> June 2008, 31<sup>st</sup> July 2008, 25<sup>th</sup> October 2008 and 31<sup>st</sup> January 2009.

**(b) Composition:**

The Audit Committee consists of the following Directors:

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

**4. REMUNERATION COMMITTEE:**

**(a) Terms of Reference:**

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

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

**(b) Composition:**

The Remuneration Committee consists of the following Directors:

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

The Remuneration Committee met once a year on 31<sup>st</sup> July, 2008.

**5. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE:**

**(a) Terms of Reference:**

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

**6. Composition:**

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

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

During the year, the Company received 2 complaints and all were resolved within the stipulated time to the satisfaction of the shareholders / investors. As on 31<sup>st</sup> March, 2009, no transfer was pending. The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. The Committee held 15 meetings during the year and approved the transfer of shares lodged with the Company and attended the investor's queries & complaints.

**7. GENERAL BODY MEETINGS:**

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

Year	AGM/EGM	Location	Date	Time
2008	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai.	27/9/2008	4.00 P.M.
2007	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	29/09/2007	4.30 P.M.
2007	EGM	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 <sup>nd</sup> Floor, 18/20 Kaikhushru Dubash Marg, Kalaghodha, Mumbai - 400001	08/12/2007	11.30 A.M.
2008	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	27/09/2008	3.30 P.M.

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

**8. CODE OF CONDUCT**

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

**9. DISCLOSURES:**

Regarding, related party transactions i.e. transactions of the Company with its Promoters, Directors or Management, their subsidiaries or relatives, not conflicting with Company's interest, the details of which have been shown in Schedule - 16 Notes to Accounts to the Annual Accounts for the year ended 31<sup>st</sup> March 2009. No penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI, on any matter related to capital market, during the last three years.

**10. MEANS OF COMMUNICATION:**

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

**GENERAL SHAREHOLDER'S INFORMATION:**

**1. Annual General Meeting scheduled to be held:**

- Date : Saturday, 26<sup>th</sup> September, 2009
- Time : 3.30 P.M.
- Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 020.

**2. Book Closure:**

Saturday, 19<sup>th</sup> September, 2009 to Saturday, 26<sup>th</sup> September, 2009 (both days inclusive).

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

Financial Reporting for the Financial Year 2009-10	Tentative month of reporting
Unaudited Financial Results for the quarter ending 30 <sup>th</sup> June, 2009	July, 2009
Unaudited Financial Results for the half year ending 30 <sup>th</sup> September, 2009	October, 2009
Unaudited Financial Results for the quarter ending 31 <sup>st</sup> December, 2009	January, 2010
Audited Financial Results for the year ending 31 <sup>st</sup> March, 2010	June, 2010

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

- (i) Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). Annual listing fees for the year 2009-10 has been paid to the Bombay Stock Exchange Limited, Mumbai (BSE).
- (ii) The Company complied with the delisting formalities with other stock exchanges and consequently the Company got its shares delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneswar and Calcutta Stock exchanges is awaited.

5. **Stock Code:**  
 (i) Bombay Stock Exchange Limited, Mumbai (BSE): B - 530235  
 (ii) ISIN - INE533C01018
6. **Stock Price Data:**  
 Month wise high and low price of the Company's Shares at Bombay Stock Exchange Limited (BSE) from April, 2008 to March, 2009

Month	Bombay Stock Exchange Limited (BSE)	
	High(Rs.)	Low(Rs.)
April 2008	31.80	24.50
May 2008	45.70	31.50
June 2008	46.00	41.50
July 2008	44.95	29.50
August 2008	36.70	34.90
September 2008	39.75	36.20
October 2008	37.90	36.25
November 2008	34.45	30.90
December 2008	No trading	No trading
January 2009	30.00	30.00
February 2009	29.90	24.75
March 2009	23.75	16.50

7. **Compliance Officer:**  
 Mr. Anand Kumar  
 168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai - 400 021.  
 Ph: 022- 22885201, email: cosec@kjmc.com
8. **Address For Correspondence:**  
 Shareholders can correspond to :  
 Secretarial Department: 168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai - 400 021.  
 Or  
**Bigshare Services Pvt. Ltd.,** E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400072, Tel.No.022-28470652/53, Fax No. 022-28475207, email id: info@bigshareonline.com.  
 Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participants. The company also has designated email id: investor.finance@kjmc.com where shareholders can correspond with the company.
9. **Share Transfer System**  
 Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialisation of shares are processed by R&T Agent within 15 days.
10. **Dematerialisation of Shares**  
 Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29<sup>th</sup> January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31<sup>st</sup> March 2009, out of total Equity Capital 30,59,440 Equity Shares, 25,93,374 Equity Shares representing 84.77 % of the total Equity Shares are held in dematerialised form with NSDL and CDSL. Transfer cum demat facility is available to all Shareholders of the Company, who request for such facility.
11. **Distribution of Shareholding as on 31st March, 2009**

Range in rupees	Number of Shareholders	% of Total Holders
Upto 5000	3,821	96.46
5001 to 10000	47	1.19
10001 to 20000	27	0.68
20001 to 30000	13	0.33
30001 to 40000	8	0.20
40001 to 50000	12	0.30
50001 to 100000	9	0.23
100001 and above	24	0.61
<b>TOTAL.....</b>	<b>3,961</b>	<b>100</b>

12. **Shareholding Pattern as on 31<sup>st</sup> March, 2009**

Cat. Code	Category of Shareholder	Total No. of Shares held	%Shareholding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	1505554	49.21
(b)	Central Govt. / State Govts.	0	0
(c)	Bodies Corporate	0	0
(d)	Financial Institutions / Banks	0	0
(e)	Any other	0	0
	<b>Sub Total - A(1)</b>	<b>1505554</b>	<b>49.21</b>
2	Foreign	0	0
(a)	Non-Resident Individuals / Foreign Individuals	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Any other	0	0

	<b>Sub Total A(2)</b>	0	0
	Total Shareholding of Promoter Group	1505554	49.21
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	65400	2.14
(c)	Central Govt. / State Govt.	7050	0.23
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Any other	0	0
(h1)	NRI Banks	0	0
	<b>Sub Total B(1)</b>	<b>72450</b>	<b>2.37</b>
2	Non Institutions		
(a)	Bodies Corporate / Trust	588737	19.24
(b1)	Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac	511499	16.72
(b2)	Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac	377461	12.34
(c)	Any other	0	0
(c1)	Clearing Member	0	0.00
(c2)	NRI	3739	0.12
(c3)	OCB's	0	0
	<b>Sub Total B(2)</b>	<b>1481436</b>	<b>48.42</b>
	<b>Total Public Shareholding B(1) + B(2)</b>	<b>1553886</b>	<b>50.79</b>
	<b>Total (A) + (B)</b>	<b>3059440</b>	<b>100</b>
C	Shares held by Custodians and against which Depository receipts have been issued	0	0
	<b>Grand Total</b>	<b>3059440</b>	<b>100</b>

Note: The total foreign shareholding as on 31<sup>st</sup> March, 2009, is 3739 shares, which in percentage terms is 0.12% of the issued and subscribed capital.

**OTHER INFORMATION**

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

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

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

This is to confirm that the Company has adopted the code of conduct for its Board Members and for the Senior Management Personnel of the Company. The Company has obtained affirmation as to Compliance of the Code of Conduct from all the Board Members and all the Senior Management Personnel of the Company on an Annual basis. This is a declaration as required under clause 49 I(D)(ii) of the Listing Agreement entered with the Stock Exchange.

(I. C. JAIN)  
 CHAIRMAN

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE To the Members of KJMC Financial Services Limited**

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by KJMC Financial Services Limited for the year ended on 31st March, 2009 as stipulated with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was conducted in the manner described in the Guidance on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investor grievances are pending against the company as per the records maintained by the company and presented to the Investors / Shareholders Grievance Committee.

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

**For BATLIBOI & PUROHIT**  
 Chartered Accountants

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

Place : Mumbai  
 Date : 27 June, 2009



## AUDITOR'S REPORT

To the members of  
KJMC Financial Services Limited

1. We have audited the attached Balance Sheet of KJMC Financial Services Limited ("the company") as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto (all together referred to as 'the Financial Statements'). These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003-(the Order), as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received by the Company from its Directors, none of the directors are disqualified as on the balance sheet date from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion, and to the best of our information and according to the explanations given to us, the financial statements read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For BATLIBOI & PUROHIT  
Chartered Accountants  
  
(R.D. Hangekar)  
Partner  
Membership No: 30615

Place : Mumbai  
Date : 27.06.2009

## Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date to the members of KJMC Financial Services Limited on the financial statements for the year ended on March 31, 2009)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) According to the information and explanations given to us, the management conducted physical verification of fixed assets as at the year end, and no material discrepancies were noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its business, the frequency of verification is reasonable.
- c) The Company has not disposed off any substantial part of fixed assets during the year, accordingly, the assumption of the going concern being affected, does not arise.
- ii) a) As the Company held its inventory in dematerialized form during the year, we have no comments to offer on conduct of physical verification and the adequacy of physical verification procedures. In respect of the inventory held in dematerialized form, the Company has received written confirmations from depositories for quantities held at the balance sheet date, and no discrepancies are noticed with respect to the book records maintained.
- b) In our opinion, and on the basis of the records examined by us, and information and explanations given to us, the Company has maintained proper records of inventory.
- iii) a) According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the said Order, are not applicable.

- b) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) and (g) of clause (iii) of paragraph 4 of the said Order, are not applicable.
- iv) In our opinion, the Company has an adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- v) a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion, and according to the information and explanations given to us, in respect of transactions during the year, made pursuant to contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five hundred thousand in respect of each party, except for certain transactions where there are no comparable transactions with other parties or where prevailing market prices are not available as the services are of specialized nature, transactions have been made at prices which are reasonable having regard to prevailing market prices.
- vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, or the rules framed there under, are applicable.
- vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.
- viii) The Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 for any of the activities of the Company.
- ix) a) According to the information and explanations given to us, during the year under report, the Company was generally regular in depositing undisputed statutory dues including Provident fund, Income-tax, service-tax and other material statutory dues with the appropriate authorities. We are informed that the provisions of Employees State Insurance Act are not applicable to the Company during the year under report.
- b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, and service tax, sales tax, customs duty, excise duty and cess which remained unpaid as at the balance sheet date for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, cess which have not been deposited on account of any dispute.
- x) The company does not have any accumulated losses at the balance sheet date. The Company did not incur cash losses for the year under report, and in the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to banks. The Company did not have any loans from financial institutions and also did not have any debentures outstanding during the year under report.
- xii) According to the information and explanations given to us, during the year under report, the Company did not grant any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply accordingly, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv) On the basis of our examination of books and records of the Company, and according to the information and explanations given to us, in our opinion, the Company has maintained proper records of transactions and contracts entered into, in which entries were made on a timely basis. As at the balance sheet date the shares, securities and other investments were held in the Company's own name.
- xv) The company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanation given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- xvi) The Company did not have any term loans outstanding during the year under report; accordingly, the provisions of clause (xvi) of paragraph 4 of the Order are not applicable.
- xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that prima facie, no funds raised on short term basis have been used for long-term investment.
- xviii) During the year under report, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion, each of the transactions has been made at price; which are not prejudicial to the interest of the company; as the same has been determined in accordance with the SEBI (Disclosure and Investor Protection Guidelines), 2000.
- xix) The Company did not have any debentures outstanding during the year under report; accordingly, the question of creating security in respect of debentures, does not arise.
- xx) The Company did not have any public issue; accordingly, the question of commenting on end-use of moneys raised, does not arise.
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For Batliboi & Purohit  
Chartered Accountants

Place: Mumbai  
Dated: 27.06.2009

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



**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedules	As on 31.03.2009 (Rs.)	As on 31.03.2008 (Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>(1) Shareholders' Funds</b>			
(a) Capital	1	39,094,400	37,652,400
(b) Reserves and Surplus	2	63,125,844	59,799,165
(c) Share Warrants (Pending Allotment)		177,016	511,560
<b>(2) Loan Funds</b>			
(a) Secured Loans	3	2,487,285	10,749,595
(b) Unsecured Loans	4	33,203,381	85,063,395
<b>Deferred Tax Liabilities</b>		-	1,066,514
<b>TOTAL</b>		<b>138,087,926</b>	<b>194,842,629</b>
<b>APPLICATION OF FUNDS:</b>			
<b>(1) Fixed Assets</b>			
a) Gross Block	5	20,165,170	20,009,124
b) Less: Depreciation		12,955,403	12,226,508
c) Net Block		<b>7,209,767</b>	<b>7,782,616</b>
<b>(2) Investments</b>			
	6	203,356,145	257,477,730
<b>(3) Current assets , loans and advances</b>			
a) Inventories		3	146,591
b) Sundry debtors	7	8,570,160	10,002,144
c) Cash and bank balances		715,764	1,396,354
d) Loans and advances	8	3,706,220	7,269,811
		<b>12,992,147</b>	<b>18,814,900</b>
<b>Less : Current Liabilities and Provisions</b>			
a) Liabilities	9	85,263,224	88,488,711
b) Provisions	10	206,909	743,906
		<b>85,470,133</b>	<b>89,232,617</b>
<b>Net Current Assets</b>		<b>(72,477,986)</b>	<b>(70,417,717)</b>
<b>TOTAL</b>		<b>138,087,926</b>	<b>194,842,629</b>
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES FORMING PART OF THE ACCOUNTS	16		

As per our report of even date attached

For and on behalf of the Board of Directors

**For BATLIBOI & PUROHIT**

Chartered Accountants

**R D HANGEKAR**

Partner

Membership No.30615

Place : Mumbai

Date 27th June 2009

**RAJNESH JAIN**

Director

**GIRISH JAIN**

Director

Place : Mumbai

Date 27th June 2009



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedules	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
<b>INCOME:</b>			
Professional Fees and Other Income [TDS Rs. NIL (Rs.NIL)]	11	686,806	8,385,525
Interest Income [TDS Rs.NIL (Rs.7375/-)]		18,873	547,600
Sale of Shares		-	133,466
Profit on Sale of Investments		8,612,374	6,031,285
Trading Profit on shares		162,858	13,165
Profit on Sale of Asset		-	7,288
Closing Stock		3	146,591
<b>Total (A)</b>		<b><u>9,480,914</u></b>	<b><u>15,264,920</u></b>
<b>EXPENDITURE :</b>			
Opening Stock		146,591	374,329
Salaries and Allowances	12	1,317,499	1,352,242
Operating and Other Administration Expenses	13	1,470,011	3,783,682
Financial Charges	14	922,027	354,991
Loss on Derivatives		2,467,767	1,941,475
Diminution in value of Investments		249,999	-
Debts written off		425,693	6,520
<b>Total (B)</b>		<b><u>6,999,588</u></b>	<b><u>7,813,239</u></b>
Profit before depreciation and Tax	(A-B)	<b><u>2,481,327</u></b>	<b><u>7,451,681</u></b>
Depreciation		<u>728,895</u>	<u>603,102</u>
Profit before taxation		<b><u>1,752,431</u></b>	<b><u>6,848,579</u></b>
Less : Provision for Taxation			
— Current		145,000	700,000
— Fringe Benefit Tax		53,350	38,906
— Deferred Tax / (Asset)		<u>(1,066,514)</u>	<u>(2,711,731)</u>
<b>Profit After Taxes</b>		<b><u>2,620,595</u></b>	<b><u>8,821,404</u></b>
Add : Prior Period Income / (Expenses)		(2,565)	(173,906)
Add : Surplus as per last account		<u>6,917,998</u>	<u>-</u>
		<b><u>9,536,028</u></b>	<b><u>8,647,498</u></b>
<b>Appropriations :</b>			
Special Reserve		524,119	1,729,500
General Reserve		262,060	-
Redeemable Preference shares- Dividend		1,020,000	-
Tax on Dividend		173,349	-
<b>Surplus - Balance Carried to Balance Sheet</b>		<b><u>7,556,500</u></b>	<b><u>6,917,998</u></b>
<b>EARNING PER EQUITY SHARES (Point 10 Schedule 17)</b>			
(a) Basic	Rupees	0.49	2.56
(b) Diluted	Rupees	0.48	2.38
SIGNIFICANT ACCOUNTING POLICIES	15		
NOTES FORMING PART OF THE ACCOUNTS	16		
As per our report of even date attached <b>For BATLIBOI &amp; PUROHIT</b> Chartered Accountants <b>R D HANGEKAR</b> Partner Membership No.30615 Place : Mumbai Date 27th June 2009		For and on behalf of the Board of Directors  <b>RAJNESH JAIN</b> Director  Place : Mumbai Date 27th June 2009	<b>GIRISH JAIN</b> Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	March 31, 2009 Amount (Rs.)	March 31, 2008 Amount (Rs.)
<b>A Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	<b>1,752,431</b>	<b>6,848,579</b>
Adjustment for:		
Prior Period Item	(2,565)	(173,906)
Depreciation	728,895	603,102
(Profit)/Loss on Sale of Investments	(8,612,374)	(6,031,285)
(Profit)/Loss on Sale of Assets	-	(7,288)
Diminution in Value of Investments	249,999	-
Bad Debts Written Off	425,693	6,520
Sundry Credit Balances Written Back	-	(7,134,083)
Interest and Financial Charges	922,027	354,991
Interest Income	(18,873)	(547,600)
Dividend Income	(433,671)	(145,442)
<b>Operating Profit Before Working Capital Changes</b>	<b>(4,988,438)</b>	<b>(6,226,412)</b>
Adjustment for:		
Trade and Other Receivable	1,431,984	62,440,350
Inventories	146,588	227,738
Trade Payable and Other Liabilities	3,221,929	3,021,822
<b>(Increase)/ Decrease in Net Current Assets</b>	<b>4,800,501</b>	<b>65,689,909</b>
<b>Cash generated from Operations</b>	<b>(187,937)</b>	<b>59,463,497</b>
Direct Taxes Paid (Net of Refund)	540,556	590,324
<b>Cash Flow Before Extraordinary Items</b>	<b>352,619</b>	<b>60,053,821</b>
Extraordinary Items	-	-
<b>Net Cash flow from Operating Activities</b>	<b>352,619</b>	<b>60,053,821</b>
<b>B Cash Flow from Investment Activities</b>		
(Increase) / Decrease in Investment	54,121,585	(20,324,092)
Investment in Associate Company	(1,575,000)	-
Purchase of Fixed Assets	(156,046)	(1,201,673)
Sale of Fixed Assets	-	36,000
Interest Income	18,873	547,600
Dividend Income	433,671	145,442
<b>Net Cash Flow from Investing Activities</b>	<b>52,843,083</b>	<b>(20,796,723)</b>
<b>C Cash Flow From Financing Activities</b>		
Loan Taken-Secured (Net of repayments)	(8,262,310)	10,749,595
Loan Taken-Unsecured (Net of repayments)	(51,872,896)	(177,425,538)
Loans Given	3,563,591	4,441,950
Loans Given to Subsidiaries	-	(534,423)
Deposits	-	4,635,893
Adjustment for transfer from advances to Bank balance	(61,193)	-
Accumulated Lease adjustment	-	113,872,279
Interest and Finance Charges	(922,027)	(354,991)
Increase in Share Capital	1,442,000	-
Increase in Share Premium	1,901,998	-
Issue of Share warrants	334,544	511,560
Dividend tax paid	-	(42,500)
Interim dividend on cumulative preference shares paid	-	(1,020,000)
Dividend Paid	-	(34,371)
<b>Net Cash Flow from Financing Activities</b>	<b>(53,876,293)</b>	<b>(45,200,546)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(680,590)</b>	<b>(5,943,449)</b>
Cash and Cash Equivalents at the beginning of the Year	1,396,354	7,339,802
Cash and Cash Equivalents at the close of the Year	715,764	1,396,354

**Note:-**

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

**For BATLIBOI & PUROHIT**

Chartered Accountants

**R D HANGEKAR**

Partner

Membership No.30615

Place : Mumbai

Date 27th June 2009

For and on behalf of the Board of Directors

**RAJNESH JAIN**

Director

**GIRISH JAIN**

Director

Place : Mumbai

Date 27th June 2009

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
3,50,00,000 (3,50,00,000) Equity Shares of Rs. 10/- each	350,000,000	350,000,000
15,00,00,000 (15,00,00,000) Redeemable Preference shares of Rs.100/- each	<u>150,000,000</u>	<u>150,000,000</u>
	<b>500,000,000</b>	<b>500,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
30,59,440 (29,15,240) Equity Shares of Rs.10/- each fully paid up (Out of which 1173880 Equity Shares were issued as Bonus shares by capitalisation of General Reserve and Share Premium)	30,594,400	29,152,400
85,000 (85,000) 12% Non-Cumulative Redeemable Preference Shares of Rs.100/- each, redeemable after the expiry of one year but before the expiry of 20 years from the date of allotment.	8,500,000	8,500,000
	<u>39,094,400</u>	<u>37,652,400</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last balance sheet	1,251,667	86,765,500
Add : Received During the year	1,901,998	-
Less : Adjustment as per Court Confirmation	-	85,513,833
	<b>A</b> <u>3,153,665</u>	<u>1,251,667</u>
<b>General Reserve :</b>		
Add : Addition / (Deduction) During the year	262,060	-
	<b>B</b> <u>262,060</u>	<u>-</u>
<b>Capital Redemption Reserve :</b>		
As per last balance sheet	49,900,000	49,900,000
Add : Addition / (Deduction) During the year	-	-
	<b>C</b> <u>49,900,000</u>	<u>49,900,000</u>
<b>Special Reserve</b>		
As per last balance sheet	1,729,500	1,729,500
Add : Addition / (Deduction) During the year	524,119	-
	<b>D</b> <u>2,253,619</u>	<u>1,729,500</u>
<b>Profit and Loss account balance</b>	<b>E</b> <u>7,556,500</u>	<u>6,917,998</u>
	<b>(A+B+C+D+E)</b> <u>63,125,844</u>	<u>59,799,165</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Loan against shares	2,052,276	10,122,162
Loan against vehicles by way of Hypothication of vehicle [Due within 12 months Rs.2,64,924/- (Rs.2,64,924)]	435,009	627,433
	<u>2,487,285</u>	<u>10,749,595</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Inter corporate deposits	29,603,381	29,603,381
Loans and advances from others	<u>3,600,000</u>	<u>55,460,014</u>
	<b>33,203,381</b>	<b>85,063,395</b>

FINANCIAL YEAR : 2008-2009

SCHEDULE - 5  
FIXED ASSETS:

PARTICULARS	Rate of Deprn.	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
		AS AT 01-04-2008	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31-03-2009	UPTO 01.04.2008	FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UPTO 31-03-2009	AS AT 31-03.2009	AS AT 31.03.2008
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>OWNED ASSETS :</b>											
Building	5.00%	10,813,873	-	-	10,813,873	5,281,301	276,629	-	5,557,930	5,255,943	5,532,572
Furniture & Fixtures	18.10%	6,327,939	123,034		6,450,973	5,494,738	160,088	-	5,654,826	796,147	833,202
Office Equipments	13.91%	1,523,352			1,523,352	1,230,452	40,742	-	1,271,194	252,158	292,900
Electrical Fittings	13.91%	545,289	33,012		578,301	194,932	50,648		245,580	332,721	350,357
Computers	40.00%	9,975			9,975	6,384	1,436	-	7,820	2,155	3,591
Vehicles	25.89%	788,695			788,695	18,701	199,351	-	218,052	570,643	769,994
<b>Total</b>		<b>20,009,124</b>	<b>156,046</b>	<b>-</b>	<b>20,165,170</b>	<b>12,226,508</b>	<b>728,895</b>	<b>-</b>	<b>12,955,403</b>	<b>7,209,767</b>	<b>7,782,616</b>
Previous Year		298,226,984	1,201,673	279,419,534	20,009,124	190,471,872	603,102	178,848,466	12,226,508	7,782,616	



SCHEDULE : 6

INVESTMENTS :

Sr. No.	Particulars	As at 31st March 2009			As at 31st March 2008	
		Face Value per share Rs.	Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
	<b>Long term trade investments</b>					
	<b>Equity shares - Quoted</b>					
1	Astra Micro Limited	2	7,515	1,168,037	7,515	1,168,037
2	Bank of Rajasthan Limited	10	1,200	180,301	1,000	180,301
3	Binani Cement Limited	10	13,000	1,279,278	13,000	1,279,278
4	Bosch Limited	10	360	1,365,617	360	1,365,617
5	Central Bank of India	10	35,000	4,756,565	35,000	4,756,565
6	Dewan Housing Finance Limited	10	1,000	178,403	1,000	178,403
7	Dredging Corporation Limited	10	1,800	1,715,209	1,800	1,715,209
8	Ess Dee Aluminium Limited	10	2,500	631,526	2,500	631,526
9	GIC Housing Finance Limited	10	1,000	83,510	1,000	83,510
10	Glenmark Pharma Limited	1	1,000	417,245	1,000	417,245
11	Gujarat Petronet Limited	10	15,000	1,605,172	15,000	1,605,172
12	Himachal Futuristics Comm Limited	10	10,000	425,300	10,000	425,300
13	Hindustan Copper Limited	10	2,000	1,290,429	2,000	1,290,429
14	Hotline Glass Limited	10	37,549	584,318	37,549	584,319
15	ICICI Bank Limited	10	1,000	1,046,524	1,000	1,046,524
16	India Bulls Finance Limited	2	4,500	4,142,988	4,500	4,142,988
17	India Bulls Real Estate Limited	2	2,000	1,443,212	2,000	1,443,212
18	India Bulls Securities Limited	2	-	-	4,500	-
19	Info Edge Limited	10	300	171,368	1,015	579,832
20	Kalpitaru Power Limited	10	-	-	44	82,528
21	Larsen & Toubro Limited	2	600	946,858	300	946,858
22	Mahindra & Mahindra Limited	10	940	738,536	940	738,536
23	Manugraph India Limited	2	3,000	574,127	3,000	574,127
24	Mundra Port & Special Economic Zone Limited	10	1,283	870,886	1,283	870,886
25	Net 4 India Limited	10	10,000	800,000	10,000	800,000
26	Om Metals & Infraprojects Limited	1	5,000	425,597	5,000	425,597
27	Parshvnath Developers Limited	10	500	91,993	500	91,993
28	Petron Engineering & Construction Limited.	10	2,718	676,647	2,718	676,647
29	Poly Medicure Limited	10	1,650	230,762	1,650	230,762
30	Power Grid Corporation Limited	10	5,000	574,494	5,000	574,494
31	Premier Explosives Limited	10	21,000	967,495	21,000	967,495
32	Relaince Infrastructre Limited	10	1,150	1,665,642	1,150	1,665,642
33	Reliance Industries Limited	10	-	-	2,210	1,608,516
34	Reliance Industrial Infrastructure Limited	5	300	668,598	300	668,598
35	Reliance Petroleum Limited	10	3,350	635,455	3,350	635,455
36	Reliance Power Limited	10	2,776	554,952	1,735	554,952
37	Religare India Limited	10	-	-	3,000	1,472,363
38	Shilpa Medicure Limited	2	4,058	172,049	7,000	296,765
39	Shree Vindhya Paper Mills Limited	10	33,640	3,487,870	33,640	3,487,870
40	Singer India Limited	10	3,400	247,160	34,000	247,160
41	Yes Bank Limited	10	2,000	454,524	2,000	454,524
	<b>Sub Total (A)</b>		<b>239,089</b>	<b>37,268,644</b>	<b>281,559</b>	<b>40,965,230</b>
	<b>Equity shares - Unquoted : (Non Trade)</b>					
	<b>(A) In Subsidiaries</b>					
1	KJMC Capital Market Services Limited	10	-	-	10,000,000	100,000,000
2	KJMC Credit Marketing Limited	10	-	-	50,000	500,000
3	KJMC Technologies & Systems Limited	10	-	-	50,000	500,000
4	KJMC Asset Management Co.Limited	10	10,250,000	113,262,500	10,250,000	113,262,500
5	KJMC Investment Trust Co.Limited	10	100,000	1,000,000	100,000	1,000,000
	<b>Sub Total (B)</b>			<b>114,262,500</b>		<b>215,262,500</b>
	<b>(B) In other companies</b>					
1	KJMC Capital Market Services Limited	10	5,000,000	50,000,000	-	-
2	KJMC Credit Marketing Limited	10	25,000	250,000	-	-
3	KJMC Commodities Market India Limited	10	157,500	1,575,000	-	-
4	Port City Infrastructure Developent (!) Limited	10	-	-	100,000	1,000,000
5	Prime Pictures Limited	10	25,000	1	25,000	250,000
	<b>Sub Total (C)</b>			<b>51,825,001</b>		<b>1,250,000</b>
	<b>Total ( A+B+C)</b>			<b>203,356,145</b>		<b>257,477,730</b>
	<b>Abstract</b>					
	<b>Aggregate Amount of Quoted Investment</b>			<b>37,268,644</b>		<b>40,965,230</b>
	<b>Aggregate market Value Quoted Investment</b>			<b>10,511,361</b>		<b>30,377,198</b>
	<b>Aggregate Amount of unquoted Investment</b>			<b>166,087,501</b>		<b>216,512,500</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009**

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 7</b>		
<b><u>CURRENT ASSETS</u></b>		
Stock in Trade (lower of cost or market value)	3	146,591
Sundry debtors (unsecured and considered good)		
Debts outstanding for more than 6 months	7,312,275	644,446
Less than 6 months	1,257,885	-
Subsidiaries	-	9,357,698
<b>Cash and bank balances</b>		
Cash on hand	410,144	331,637
Balance with scheduled banks in current accounts	305,620	1,064,717
	<u>9,285,927</u>	<u>11,545,089</u>
<b>SCHEDULE - 8</b>		
<b><u>LOANS AND ADVANCES</u></b>		
<b>Unsecured and considered good</b>		
Loans (Including interest accrued)	528,540	3,539,206
Advances recoverable in cash or kind for value to be received	2,873,993	3,426,918
Deposits	303,687	303,687
	<u>3,706,220</u>	<u>7,269,811</u>
<b>SCHEDULE - 9</b>		
<b><u>CURRENT LIABILITIES</u></b>		
Security deposits	65,000,000	65,000,000
Advances from customers	18,991,365	23,352,387
Other liabilities	1,271,859	136,324
	<u>85,263,224</u>	<u>88,488,711</u>
<b>SCHEDULE - 10</b>		
<b><u>PROVISIONS</u></b>		
Provision for income tax	198,350	738,906
Provision for expenses	8,559	5,000
	<u>206,909</u>	<u>743,906</u>
<b>SCHEDULE - 11</b>		
<b><u>PROFESSIONAL FEES &amp; OTHER INCOME</u></b>		
Other Income	253,135	-
Bad debts recovery	-	1,010,000
Dividend	433,671	145,442
Sundry credit balances written back	-	7,134,083
Rent	-	96,000
	<u>686,806</u>	<u>8,385,525</u>
<b>SCHEDULE - 12</b>		
<b><u>SALARIES AND ALLOWANCES</u></b>		
Salaries, Bonus, LTA	1,235,086	1,318,362
Staff Welfare, PF and ESIC	82,413	33,880
	<u>1,317,499</u>	<u>1,352,242</u>



	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>SCHEDULE - 13</b>		
<b><u>OPERATING AND ADMINISTRATION EXPENSES</u></b>		
Advertisement expenses	93,293	91,572
Audit committee fees	7,000	11,000
Auditors remuneration	46,878	54,493
Board meeting fees	34,000	40,000
Books and Periodicals	4,623	-
Business promotion expenses	58,337	255,056
Computer software expenses	-	96,720
Conveyance Expenses	279,446	229,835
Demat Charges	13,171	38,062
Depository Service charges	5,319	4,873
Insurance Charges	33,978	-
License Fees	16,100	-
Listing Fees	11,084	10,000
Medical Expenses	15,512	20,400
Meeting and Seminar Expenses	-	11,610
Miscellaneous Expenses	63,925	36,581
Motor Car Expenses	20,595	5,563
Office Maintenance	-	10,235
Postage and Mailing Charges	39,736	61,999
Printing and Stationery	63,023	60,479
Professional and Legal Fees	404,072	2,464,607
Profession Tax	2,500	2,500
Registrar and Transfer Charges	25,584	27,974
Repairs and Maintenance		
- Building	5,727	-
- Others	25,118	2,924
ROC Filing Fees and Income Tax Appeal Fees	16,482	5,870
Securities Transaction Tax	16,286	162,730
Subscription and Membership	58,652	37,844
Telephone	63,556	40,200
Tour and Travelling	46,014	-
Vehicle Tax	-	555
	<u>1,470,011</u>	<u>3,783,682</u>
<b>SCHEDULE - 14</b>		
<b><u>FINANCIAL CHARGES</u></b>		
Interest	908,626	346,306
Bank Charge and Commission	13,401	8,685
	<u>922,027</u>	<u>354,991</u>



**SCHEDULE – 15**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. Accounting System:**

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

**2. Use of estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

**3. Fixed Assets and depreciation**

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

**4. Investments**

**Long term trade investments:** Long term trade investments are valued at cost. For long term trade investments, provision for diminution in value is made wherever there is a permanent decline in the value of investment.

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

Profit or loss on sale of investment is determined on the specific identification basis.

**5. Taxation**

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

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

**6. Revenue Recognition:**

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

a) Income from other operations

Income from other operations, which comprises of Interest on Loans and Inter corporate Deposits, are accounted for on accrual basis.

b) Non Performing Assets

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

c) Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of transactions. Monetary foreign currency assets and liabilities (monetary items) are translated into the reporting currency as on the balance sheet date and differences are dealt with in Profit & Loss Account.

d) Dividend

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



**7. Derivative Transactions:**

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

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

**8. Stock in Trade:**

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

**9. Employee Benefits:**

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

**10. Treatment of Contingent Liabilities:**

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

**SCHEDULE – 16**

**NOTES FORMING PART OF ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:

Corporate Guarantees given to:

- i) HDFC Bank for Rs. 300 Lacs for KJMC Capital Market Services Limited.
- ii) Corporation Bank for Rs.200 Lacs for KJMC Capital Market Services Limited.

2. The company has made no provision in respect of its investments in KJMC Credit Marketing Limited even though its entire net worth is eroded since the market value of the property in said company is in excess of accumulated losses of the company.

3. The Company has transferred 50,00,000 equity share having a face value of Rs.10/- each comprising 50% of the paid capital of KJMC Capital Market Limited, to M/s KJMC Global Market (India) Limited. The above referred acquisition is subject to requisite regulatory approvals for which necessary applications have been made and the same are awaited except approval of BSE/NSE, which are received.

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

5. Auditors Remuneration include payments in respect of:

	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
a) Audit Fees	35,848	30,899
b) Tax Audit Fees	11,030	11,236
c) Certification and Other	7,557	12358

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

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

7. Managerial remuneration included in the Profit & Loss Account Rs. NIL (Rs 3,00,000)

8. Additional information pursuant to the provisions of paragraph 3,4C and 4D of Schedule VI of the Companies Act 1956, to the extent applicable:

Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (nos.)	Value (Rs.in Lacs)	Qty (nos.)	Value (Rs.in Lacs)	Qty (nos.)	Value (Rs.in Lacs)	Qty (nos.)	Value (Rs.in Lacs)
Equity Shares								
Stock in Hand	1,17,210	1.47	-	-	-	-	1,17,050	0.00
Stock in Hand (PY.)	(4,01,760)	(3.74)	-	-	(2,84,550)	(1.34)	1,17,210	1.47

9. Details of Stock in Trade (Shares):

S.NO.	Name of Company	Face Value	As at 31st March 2009		As at 31st March 2008	
			No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
1	Alexcon Foamcast Limited	10	19,350	1	19,350	19,350
2	APS Star Industries Limited	10	97,200	1	97,200	97,200
3	Castrol India Limited	10	--	--	150	28,035
4	KDL Biotech Limited	10	--	--	10	6
5	Star Precision Electronics Limited	10	500	1	500	2,000
	<b>Total</b>		<b>117,050</b>	<b>3</b>	<b>117,210</b>	<b>146,591</b>

Since the above scripts are no more traded on exchange therefore valued at minimum and provided for the same.

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

PARTICULARS	DEFERRED TAX LIABILITY/ (ASSET)
FIXED ASSETS	15,67,950
UNABSORBED DEPRECIATION	(90,361)
UNABSORBED LONG TERM CAPITAL GAIN (Indexed)	(1,17,39,923)
<b>TOTAL</b>	<b>(1,02,62,333)</b>

11. Earnings Per Share:

Particulars	For the Year ended 31 <sup>st</sup> March, 2009	For the Year ended 31 <sup>st</sup> March, 2008
Net Profit / (Loss) after Taxation (Rs. In Lacs)	26.18	86.48
Weighted Average No. of Shares	2991686	2915240
Face Value (Rs.)	10	10
Earnings Per Share (Basic)	0.49	2.56
Earnings Per Share (Diluted)	0.48	2.38

12. Related party disclosures under Accounting Standard 18 (AS-18)

List of related parties

1) Parties where control exists

a) Wholly owned subsidiary Companies

KJMC Asset Management Company Limited  
KJMC Investment Trust Company Limited

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

a) Associates

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

b) Key Management Personnel

Mr. Rajnesh Jain  
Mr. Girish Jain

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

Inderchand Jain (HUF)  
Puja Impex Private Limited



Related Party Transactions :-

Rs. In Lacs

S. No	Nature of Transactions with related parties	Party where control exists		Associates		Key Management personnel		Enterprises over which key management Personnel is able to exercise significant influence	
		March 09	March 08	March 09	March 08	March 09	March 08	March 09	March 08
1	Advance against expenses	0.45	10.05	51.40	-	-	-	-	-
2	Loans and Advances given / Repaid	133.50	56.57	577.24	248.12	-	4.60	122.01	353.00
3	Loans and Advances Received	133.50	(40.50)	367.12	(113.08)	-	-	122.01	353.00
4	Purchase of Shares/ Paid	-	(1,188.34)	-	-	-	-	-	-
5	Sale of Shares / Received	-	1,188.93	577.24	-	-	-	-	-
6	Investment in Shares	-	-	25.00	-	-	-	-	-
7	Deposit given	-	84.00	-	-	-	-	-	-
8	Remuneration	-	-	-	-	-	3.00	-	-
9	Issue of Warrants/Equity Shares	-	-	-	-	-	-	30.09	5.12
	<b>Outstanding as at year end</b>								
1	Net Receivables	-	231.94	260.44	-	-	-	-	-
2	Net Payables	650.00	1,022.38	296.33	800.63	-	-	1.77	-

13 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)

	Particulars	Rs. In Lacs	
		Amount outstanding	Amount overdue
<b>1</b>	<b>Liabilities side :</b>		
	<b>Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
	(a) Debentures : Secured	NIL	NIL
	: Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits*)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	332.03	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)		
	Secured Loans against shares	20.52	-
	Loans against HP of vehicles	4.35	-
	* Please see Note 1 below		
	(b) Loans other than (a) above		

	Asset Side :	Amount outstanding
<b>2</b>	<b>Break-up of Loans and Advances including bills receivables (other than those included in (4) below) :</b>	
	(a) Secured	-
	(b) Unsecured	122.76
<b>3</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	
	(b) Operating lease	
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	
	(b) Repossessed Assets	
	(iii) Other loans counting towards AFC activities	
	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	

**Break-up of Investments :**

**Current Investments :**

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

**Long Term Investments :**

1. Quoted :		
(i) Shares : (a) Equity		372.69
(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		1660.88
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below	Amount Net of Provision		
	Secured	Unsecured	Total
Category			
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	73.12	73.12
2. Other than related parties	-	37.06	37.06
<b>Total</b>	-	110.18	110.18

Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	1038.83	1142.63
(b) Companies in the same group	596.75	518.25
(c) Other related parties	-	-
2. Other than related parties	105.11	372.69
<b>Total</b>	1740.69	2033.56



**Other information**

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

14. 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.

15. Figures in bracket are figures of previous year.

16. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable.

As per our report of even date attached

For and on behalf of Board of Directors

**For BATLIBOI & PUROHIT**  
Chartered Accountants.

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

**RAJNESH JAIN**  
Director

**GIRISH JAIN**  
Director

Place: Mumbai  
Dated: 27<sup>th</sup> June, 2009

Place: Mumbai  
Dated: 27<sup>th</sup> June, 2009

**Information pursuant to Part IV of schedule VI of the Companies Act, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :**

**I Registration Details**

Registration No.	L99999MH1988PLC047873	State Code	11
Balance Sheet Date	31.03.2009		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	1442

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

Total Liabilities	138,088	Total Assets	138,088
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	39,094	Net Fixed Assets	7,210
Reserves & Surplus	63,126	Investments	203,356
Secured Loan	2,487	Net Current Assets	(72,478)
Unsecured Loan	33,380	Misc.Expenses	-
Deferred tax liability (Net)	-	Accumulated Losses	NIL

**Performance of Company (Amount in Rs.Thousands)**

Turnover	9,481	Total expenses	7,728
Profit / (loss) before tax	1,752	Profit / (loss) after tax	2,621
Earning per share in Rs.	0.48	Dividend rate	N A

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

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

For and on behalf of Board of Directors

Place : Mumbai  
Date 27th June 2009

**Rajnish Jain**  
Director

**Girish Jain**  
Director



STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary	KJMC ASSET MANAGEMENT CO LIMITED	KJMC INVESTMENT TRUST CO LIMITED
Financial Year of the Subsidiary ended on	31/3/2009	31/3/2009
Holding Company's interest		
- No. of Equity Shares	10,250,000 of Rs. 10/- each	100,000 of Rs. 10/- each
- Extent of Holding	100%	100%
The net aggregate amount of subsidiary's Profit/Losses so far as it concerns the members of the Holding Company not dealt with in the Holding Company's Account		
i) For the Current Financial Period Profit/(Loss)	Rs. 249,825	Rs. 28,474
ii) For the Previous Financial Year Profit/(Loss)	Rs. 1,115,056	Rs. (3,306)
The net aggregate amount of Profit/Losses of the Subsidiary which has been dealt with in the accounts of the Holding Company		
i) For the Current Financial Year Profit/(Loss)	NIL	NIL
ii) For the Previous Financial Year since it became subsidiary	NIL	NIL

The provisions of Section 212(5) of the Companies Act, 1956 are not applicable as the financial year of the subsidiary companies coincides with that of the company.

For and on behalf of Board of Directors

Place : Mumbai  
Date 27th June 2009

Rajesh Jain  
Director

Girish Jain  
Director



**KJMC ASSET  
MANAGEMENT COMPANY  
LIMITED  
10<sup>th</sup> Annual  
Report And  
Accounts**

**BOARD OF DIRECTORS**

Mr. Pratap Ratilal Merchant (Chairman)

Mr. S. A. Kamath

Mr. Girish Jain

**AUDIT COMMITTEE**

Mr. Pratap Ratilal Merchant (Chairman)

Mr. S. A. Kamath

Mr. Girish Jain

**AUDITORS**

Batliboi and Purohit  
Chartered Accountants National  
Insurance Bldg., 204, D. N. Road,  
Fort, Mumbai - 400 001.

**ADVOCATES AND SOLICITORS**

Malvi Ranjioddaj & Co.  
Yusuf Building, 3rd floor, Mahatma  
Gandhi Road, Mumbai 400 023.

**BANKERS**

UCO Bank HDFC Bank

**REGISTERED OFFICE**

221, Hans Bhavan, Bahadur Shah  
Zafar Marg, New Delhi 110 002.

**CORPORATE OFFICE**

168, Atlanta, 16<sup>th</sup> Floor,  
Nariman Point,  
Mumbai 400 021.

**DIRECTOR'S REPORT**

The Shareholders,

Your Directors have pleasure in bringing you this Annual Report for the financial year 2008-2009 with the audited accounts of the Company for the said period.

**FINANCIAL RESULTS**

(Rs. In Lakhs)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Total Income	15.32	20.13
Total Expenditure	12.79	8.75
Profit / (Loss) Before Tax	2.53	11.38
Less: Provision for Tax :		
Current Tax	-	0.25
Fringe Benefit Tax	0.14	-
Deferred Tax	(0.11)	(0.02)
Profit / (Loss) After Tax	2.50	11.15
Balance carried to Balance Sheet	6.27	3.79

**DIVIDEND**

To conserve the resources, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2009.

**PRINCIPAL ACTIVITIES**

Your Company has taken steps to fulfill its regulatory obligations during the year. However, your Company's efforts to usher up in a competitive edge to take on to the new challenges are continuing.

**PARTICULARS OF EMPLOYEES**

Since there was no employee employed who comes under the purview of the provisions of Section 217(2A) of the Companies Act, 1956, no such details are given.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

Since the Company is the Asset Management Company involving financial services, the details required under Section 217(1)(e) of the Companies Act, 1956 are not applicable.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Girish Jain, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

**AUDITORS**

M/s. Batliboi & Purohit, Chartered Accountants, holds office until the conclusion of the ensuing Annual General Meeting. Your Company has received Certificate from Auditors under Section 224(1B) of the Companies Act, 1956 to the effect that their reappointment, if made, will be within the limit prescribed. Members are requested to appoint Auditors and authorise the Board to fix their remuneration.

**AUDIT COMMITTEE**

The Audit Committee of the Board reviewed and approved the annual accounts before approval by the Board.

**DEPOSITS**

The Company has not accepted any fixed deposits during the year under review.

**FUTURE OUTLOOK**

Your Company is working on launching a mix of Large Cap and Mid Cap Diversified & Sectoral Schemes of KJMC Mutual Fund in the context of emerging favourable economic situations for Industry and Capital Markets in India and abroad on the advice of the Trustee Company of the KJMC Mutual Fund.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- The Directors have applied required accounting policies consistently and have followed prudential norms so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- The Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.
- The Directors prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENT**

Your Directors place their sincere thanks to the regulatory authorities, banks, shareholders and employees for their co-operation and support.

On behalf of the Board of Directors

Place : Mumbai

Date : 26<sup>th</sup> June, 2009

Pratap R. Merchant  
Chairman

**AUDITOR'S REPORT**

To the members of

KJMC Asset Management Company Ltd.

- We have audited the attached Balance Sheet of KJMC Asset Management Company Ltd. ("the company") as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto (all together referred to as 'the Financial Statements'). These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956; we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - On the basis of the written representations received by the Company from its Directors, none of the directors is disqualified as on the balance sheet date from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
  - In our opinion, and to the best of our information and according to the explanations given to us, the financial statements read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
    - in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Batliboi & Purohit  
Chartered Accountants  
(R.D. Hangekar)  
Partner  
Membership No. 30615

Place : Mumbai  
Dated : 26<sup>th</sup> June 2009

**Annexure to the Auditor's Report**

(Referred to in paragraph 3 of our report of even date to the members of KJMC Asset Management Company Ltd. on the financial statements for the year ended on March 31, 2009)

- Since the Company does not have any Fixed Assets, hence clause (a), (b) and (c) of the said order are not applicable
- There is no stock held by the Company and hence this clause is not applicable.
- a) According to the information and explanations given to us, the Company has not granted any loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the said Order, are not applicable.  
b) According to the information and explanations given to us, the Company has not taken any loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (f) and (g) of clause (iii) of paragraph 4 of the said Order, are not applicable.
- In our opinion, the Company has an adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that particulars of contracts and arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.  
b) In our opinion, and according to the information and explanations given to us, in respect of transactions during the year, made pursuant to contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five hundred thousand in respect of each party, except for certain transactions where there are no comparable transactions with other parties or where prevailing market prices are not available as the services are of specialized nature, transactions have been made at prices which are reasonable having regard to prevailing market prices.  
v) The Company has not accepted any deposits from the public to which the directives issued by the Reserve bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act, or the rules framed there under, are applicable.  
vii) In our opinion, and according to the information and explanations given to us, the Company has an internal audit system commensurate with the size and the nature of its business.  
viii) The Central Government has not prescribed maintenance of cost records under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 for any of the activities of the Company.



- ix) a) According to the information and explanations given to us, during the year under report, the Company was generally regular in depositing undisputed statutory dues including Provident fund, Income-tax, service-tax and other material statutory dues with the appropriate authorities except fringe benefit tax. We are informed that the provisions of Employees State Insurance Act are not applicable to the Company during the year under report.  
 b) According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, and service tax, sales tax, customs duty excise duty and cess which remained unpaid as at the balance sheet date for a period of more than six months from the date they became payable except fringe benefit tax amounting to Rs. 14,362/-.  
 c) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty, cess which have not been deposited on account of any dispute.
- x) The Company does not have accumulated losses as at the balance sheet date. The Company did not incur cash losses for the year under report, and in the immediately preceding financial year.
- xi) On the basis of our examination and according to the information and explanations given to us, the Company has not defaulted in repayment of the dues to banks. The Company did not have any loans from financial institutions and also did not have any debentures outstanding during the year under report.
- xii) According to the information and explanations given to us, during the year under report, the Company did not grant any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society to which the provisions of any special statute apply; accordingly, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- xiv) On the basis of our examination of books and records of the Company, and according to the information and explanations given to us, in our opinion, the Company has maintained proper

- records of transactions and contracts entered into, in which entries were made on a timely basis. As at the balance sheet date the shares, securities and other investments were held in the Company's own name.
- xv) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company did not have any term loans outstanding during the year under report; accordingly, the provisions of clause (xvi) of paragraph 4 of the Order are not applicable.
- xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that prima facie, no funds raised on short term basis have been used for long-term investment.
- xviii) During the year under report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company did not have any debentures outstanding during the year under report; accordingly, the question of creating security in respect of debentures, does not arise.
- xx) The Company did not have any public issue; accordingly, the question of commenting on end-use of moneys raised, does not arise.
- xxi) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

**For Batliboi & Purohit**

Chartered Accountants

(R.D. Hangekar)

Partner

Membership No. 30615

Place : Mumbai

Dated : 26<sup>th</sup> June 2009

**BALANCE SHEET AS ON 31ST MARCH 2009**

Schedules	As on 31/3/2009 Rs.	As on 31/3/2008 Rs.
<b>SOURCES OF FUNDS :</b>		
<b>Shareholders' Funds</b>		
<b>Share Capital</b>		
Authorised :		
	1,20,00,000 (1,20,00,000)	
Equity Shares of Rs. 10 each	120,00,000	120,00,000
Issued, Subscribed and Paid - up :		
1,02,50,000 (1,02,50,000) Equity	102,50,000	102,50,000
Shares of Rs. 10 each fully paid up		
(All the shares are held by KJMC		
Financial Services Limited, the holding company)		
Reserve and Surplus (Profit and Loss a/c)	627,339	379,778
Deferred Tax Liabilities (Net)	-	10,939
<b>T O T A L</b>	<b>103,127,339</b>	<b>102,890,717</b>
<b>APPLICATION OF FUNDS:</b>		
Investments	1 10,027,796	15,003,041
Current Assets		
Sundry Debtors	-	98,904
Cash and Bank Balances	2 7,934,788	2,694,632
Loans and Advances	3 85,196,194	85,103,494
	93,130,982	87,897,030
Less : Current Liabilities and Provisions		
a) Liabilities	4 17,077	16,854
b) Provisions	14,362	25,000
	31,439	41,854
<b>Net Current Assets</b>	<b>93,099,543</b>	<b>87,855,176</b>
Miscellaneous Expenditure (Deferred Revenue		
Expenses to the extent not written off or adjusted)	-	32,500
<b>T O T A L</b>	<b>103,127,339</b>	<b>102,890,717</b>
Significant account policies and	8	
Notes forming parts of accounts		
<i>Schedules referred to above form an integral part of the Financial Statements</i>		
As per our report attached	For and on behalf of the Board of Directors	

**For Batliboi & Purohit**  
Chartered Accountants

**R.D.Hangekar**  
Partner

Membership No. 30615

Place : Mumbai

Dated : 26th June 2009

**P.R. Merchant**  
Chairman

Place : Mumbai

Dated : 26th June 2009

**Girish Jain**  
Director

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2009**

Schedules	For the period ended 31/3/2009 Rs.	For the year ended 31/3/2008 Rs.
<b>INCOME</b>		
Interest and Fees Income [Tds Rs. 92,700/- (Tds Rs. 81,906/-)]	900,000	185,213
Other Income	5 632,331	1,827,684
	<b>1,532,331</b>	<b>2,012,897</b>
<b>EXPENDITURE :</b>		
Operating and Other Administrative Expenses	6 352,858	205,272
Salaries and Allowances	7 643,725	413,257
Service Fee for Mutual Fund to SEBI	250,000	250,000
Preliminary Expenses written off	32,500	6,500
	<b>1,279,083</b>	<b>875,029</b>
<b>PROFIT/LOSS BEFORE TAXATION</b>	<b>253,248</b>	<b>1,137,868</b>
Less : Provision for Taxation - Current Tax	-	25,000
- Fringe Benefit Tax	14,362	-
- Deferred Tax (Current)	(10,939)	(2,188)
<b>Profit/Loss After Taxes</b>	<b>249,825</b>	<b>1,115,056</b>
Add : Prior Period Item Income / (Expenses)	(2,264)	-
Add : Surplus / Deficit as per last account	379,778	(735,278)
<b>Balance Carried to Balance Sheet</b>	<b>627,339</b>	<b>379,778</b>
Earning per Share		(in Rs.)
(Equity shares, par value of Rs.10/- each)		
Basic	0.02	0.11
Diluted	0.02	0.11
Significant account policies and Notes		
forming parts of accounts.	8	
Schedules referred to above form an integral part of the Financial Statements		

As per our report attached

For and on behalf of the Board of Directors

**For Batliboi & Purohit**  
Chartered Accountants

**R.D.Hangekar**  
Partner

Membership No. 30615

Place : Mumbai

Dated : 26th June 2009

**P.R. Merchant**  
Chairman

Place : Mumbai

Dated : 26th June 2009

**Girish Jain**  
Director

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS AS ON 31ST MARCH, 2009**

	As on 31/3/2009 Rs.	As on 31/3/2008 Rs.
<b>SCHEDULE - 1</b>		
<b>INVESTMENTS:</b>		
In Mutual Funds	10,027,796	15,003,041
	<u>10,027,796</u>	<u>15,003,041</u>
<b>SCHEDULE - 2</b>		
<b>CURRENT ASSETS:</b>		
Cash and Bank Balances		
Balance with Scheduled Banks in current accounts	7,926,288	2,686,132
Cash in hand	8,500	8,500
Sundry Debtors		98,904
Less than 6 months		
More than 6 months		
	<u>7,934,788</u>	<u>2,793,536</u>
<b>SCHEDULE - 3</b>		
<b>LOANS AND ADVANCES:</b>		
Leave and Licence Deposits	85,000,000	85,000,000
Advance recoverable in cash or kind	196,194	103,494
	<u>85,196,194</u>	<u>85,103,494</u>
<b>SCHEDULE - 4</b>		
<b>CURRENT LIABILITIES</b>		
Other Liabilities	17,077	16,854
Provision for Tax	14,362	25,000
	<u>31,439</u>	<u>41,854</u>
<b>SCHEDULE - 5</b>		
<b>Other Income</b>		
Capital Gain on Investment / MF	16,836	922,356
Dividends	615,495	905,328
	<u>632,331</u>	<u>1,827,684</u>
<b>SCHEDULE - 6</b>		
<b>Operating and Other Administrative Expenses</b>		
Auditors Remuneration	16,545	16,854
Bank Charges	175	375
Board Meeting Fees	10,000	12,000
Conveyance Exp	167,487	6,000
Demat Custody Charges	2,158	1,645
Filing Fees	1,178	3,745
Printing & Stationery	1,671	
Professional Fees Paid	122,620	
Profession Tax (Expenses)	2,500	2,500
Seminar & Conference Exp	4,000	61,856
Telephone Expenses	24,524	
Rent		96,000
Securities Transaction Tax		4,297
	<u>352,858</u>	<u>205,272</u>
<b>SCHEDULE - 7</b>		
<b>Salaries and Other Allowances</b>		
Books & Periodicals	2,453	
Entertainment Allowance	40,874	
Leave Travel Allowance	9,349	
Medical Exp	9,349	
Salaries A/c	571,579	413,257
Bonus A/c	10,121	
	<u>643,725</u>	<u>413,257</u>

**SCHEDULE - 8**

**SIGNIFICANT ACCOUNTING POLICIES:**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF ACCOUNTING**

The Financial statements are prepared under the historical cost convention on accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

**(b) REVENUE RECOGNITION**

Interest is recognized on accrual basis. Dividend Income is recognised when the right to receive is established. Investment Management and Advisory Fee is accounted on accrual basis.

**(c) TAXATION**

(i) The provision for Current Income Tax is made at the applicable rates under the Income Tax Act, 1961.

(ii) Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax asset, on timing difference between taxable income and accounting income that originate in current period and are capable of reversal in one or more subsequent periods.

**2. Investments:**

**Long Term Investments**

Long term Investments are valued at cost. For long term investments, provision for diminution in value is made wherever there is a permanent decline in the value of investment.

**Current Investments**

Current investments are valued at the lower of cost arrived on weighted average basis and market value, computed scrip wise. Profit or loss on sale of investment is determined on the specific identification basis.

**NOTES FORMING PART OF ACCOUNTS:**

- Contingent Liabilities not provided for Rs. NIL (Rs. NIL).
- Information with regard to other matters specified in paragraphs 3, 4A, 4C and 4D of part II of Schedule VI of the Companies Act, 1956 are either NIL or not applicable to the Company for the year ended 31st March, 2009.
- Auditors Remuneration include payments in respect of Audit Fees, Rs.16,545/- (Rs.16,854/-).
- The Company does not have any vendor having status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.
- The Company has identified Asset Management and Investment Advisory Services as the only business segment.

**6. Earning per Shares (EPS)**

Particulars	3/31/2009	3/31/2008
Net Profit / (Loss) after taxation (Rs.)	249,825	1,115,056
No. of Shares	10,250,000	10,250,000
Face Value (Rs.)	10.00	10.00
Earning per share (Basic and Diluted) (Rs.)	0.02	0.11

7. The tax effects of significant timing (temporary) differences that resulted in Deferred tax asset and liability and description of major components of the financial statements items that creates these differences are as follows:

	Year 2008-2009	Year 2007-2008
Amortisation	(10,939)	(2,188)

8. As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with related parties as defined in AS-18 are given below:

Sr. No.	Name of the Related Party	Relationship
1.	KJMC Financial Services Limited	Holding Company
2.	KJMC Investment Trust Co. Limited	Fellow Subsidiary
3.	KJMC Capital Market Services Limited	Associate
4.	KJMC Credit Marketing Services Limited	Associate
5.	KJMC Commodities Market India Limited	Associate
6.	KJMC Global Market India Limited	Associate
7.	KJMC Shares and Securities Limited	Associate
8.	KJMC Mutual Fund	Associate
9.	Mr. Girish Jain	Key Management Personnel

**Related Party / Nature of Transaction**

	Year 2008-2009	Year 2007-2008
<b>1. Holding company</b>		
Opening Balance (Deposit)	65,000,000	56,600,000
Closing Balance	65,000,000	65,000,000
<b>2. Fellow Subsidiary company</b>		
Opening Balance	NIL	NIL
Sale of Shares	NIL	3,423,013
Expenses Paid	34,136	NIL
Closing Balance	NIL	98,904

9. Figures in bracket are figures of previous year.

10. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable.

As per our report attached

**For Ballibol & Purohit**  
Chartered Accountants

**R.D. Hangekar**  
Partner  
Membership No. 30615  
Place : Mumbai  
Dated : 26th June 2009

For and on behalf of the Board of Directors

**P.R. Merchant**  
Chairman

**Girish Jain**  
Director

Place : Mumbai  
Dated : 26th June 2009



**CASH FLOW STATEMENT**

	31 Mar 2009 (Rs.)	31 Mar 2008 (Rs.)
Net profit as per profit and loss account	253,248	1,137,868
Add : Preliminary Expenses	32,500	6,500
Less : Considered separately		
Dividend income	(615,495)	(905,328)
Interest income	-	(185,213)
Prior period Items	(2,264)	-
<b>Net cash flow before working cap. Changes</b>	<b>(332,011)</b>	<b>53,828</b>
Adjustment		
Trade and other receivable	98,904	(98,905)
Trade payable and other liability	223	-
<b>Net cash flow from operating activities</b>	<b>99,127</b>	<b>(98,905)</b>
Direct Taxes paid net of refund	(10,638)	-
<b>Cash form Investing activity</b>	<b>(243,522)</b>	<b>(45,077)</b>
Dividend	615,495	905,328
Interest received	-	185,213
Purchase of Fixed assets	-	-
Sale of Fixed assets	-	-
<b>Net cash flow from Investing activities</b>	<b>615,495</b>	<b>1,090,541</b>
Cash form financing activity		
Loan taken (net of repayment)	(92,700)	(3,816,130)
Investments	4,975,245	4,996,977
Purchase of Shares	-	-
Sale of Shares	-	-
Share application money	-	-
Share issued	-	-
<b>Net cash flow from financing activities</b>	<b>4,882,545</b>	<b>1,180,847</b>
<b>Net cash flow</b>	<b>5,254,518</b>	<b>2,226,311</b>
Cash and cash equivalent at the beginning of year	2,694,632	468,321
<b>Cash and cash equivalent at the end of year</b>	<b>7,949,150</b>	<b>2,694,632</b>

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

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

**I Registration Details**

Registration No.	97231	State Code	55
Balance Sheet Date	31.03.2009		

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

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

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

Total Liabilities	103,127	Total Assets	103,127
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**Sources of Funds**

**Application of Funds**

Paid up Capital	102,500	Net Fixed Assets	-
Reserves & Surplus	627	Investments	10,028
Secured Loan	-	Net Current Assets	93,100
Unsecured Loan	-	Misc.Expenses	-
Deferred tax liability (Net)	-	Accumulated Losses	-

**IV Performance of Company (Amount in Rs.Thousands)**

Turnover	1,532	Total expenses	1,279
Profit / (loss) before tax	253	Profit / (loss) after tax	250
Earning per share in Rs.	0.00	Dividend rate	N A

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

Item Code No. (ITC Code) :	N A
Product Description :	Business of Software Solutions

As per our report attached

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

**For Batliboi & Purohit**  
Chartered Accountants  
**R.D.Hangekar**  
Partner  
Membership No. 30615

**P. R. Merchant**  
Chairman

**Girish Jain**  
Director

**P. R. Merchant**  
Chairman

**Girish Jain**  
Director

Place : Mumbai  
Dated : 26th June 2009

Place : Mumbai  
Dated : 26th June 2009

Place : Mumbai  
Dated : 26th June 2009

Place : Mumbai  
Dated : 26th June 2009

**KJMC INVESTMENT TRUST  
COMPANY LIMITED**

**10<sup>th</sup> ANNUAL REPORT AND ACCOUNTS**

**BOARD OF DIRECTORS**

Mr. I. C. Jain - Chairman  
Dr. Punya Deo Ojha  
Mr. Subhash Chandra Wadhwa  
Mr. S. J. Thaker  
Mr. Narayan Lal Maheshwari

**AUDIT COMMITTEE**

Dr. Punya Deo Ojha - Chairman  
Mr. Subhash Chandra Wadhwa

**AUDITORS**

K.S. Aiyar & Co.  
Chartered Accountants 4<sup>th</sup> floor,  
Janmabhoomi Bhavan, 24-26,

Janmabhoomi Marg, Fort, Mumbai-1.

**ADVOCATES AND SOLICITORS**  
Malvi Ranchoddas & Co. Yusuf Building, 3rd  
floor, Mahatma Gandhi Road, Mumbai 400 023.

**BANKERS : UCOBank**

**REGISTERED OFFICE**

221, Hans Bhavan, Bahadur Shah Zafar  
Marg, New Delhi 110002

**CORPORATE OFFICE**

168, Atlanta, 16<sup>th</sup> Floor, Nariman Point,  
Mumbai 400 021.

**DIRECTORS' REPORT**

The Shareholders,  
Your Directors have pleasure in presenting their Tenth Annual Report with the  
audited accounts for the financial year ended 31<sup>st</sup> March, 2009.  
**FINANCIAL RESULTS**

	(Rs. In Lakhs)	
	For the year ended 31.03.2009	For the year ended 31.03.2008
Total Income	0.72	0.50
Total Expenditure	0.43	0.53
Profit / (Loss) Before Tax	0.28	(0.03)
Less: Provision for Tax		
Deferred Tax	0.03	-
Profit / (Loss) After Tax	0.25	(0.03)
Balance carried to Balance Sheet	(2.44)	(2.69)

**DIVIDEND**

In view of the inadequate profit, your Directors do not recommend any dividend for the  
year ended 31<sup>st</sup> March, 2009.

**PRINCIPAL ACTIVITIES**

During the year under review, your Company has taken steps to fulfill its regulatory  
obligations. The Company activities are related to the launch of schemes.

**PARTICULARS OF EMPLOYEES**

Since there was no employee employed who comes under the purview of the  
provisions of Section 217(2A) of the Companies Act, 1956, no such details are given.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY**

**ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

The Company does not carry on any manufacturing activities.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of  
Association of the Company, Shri S. C. Wadhwa and Shri P. D. Ojha retire by

rotation at ensuing Annual General Meeting and being eligible, offer themselves for  
reappointment.

**AUDITORS**

Messrs. K. S. Aiyar & Co., Chartered Accountants, will retire as auditors at the  
ensuing annual general meeting and being eligible, offer themselves for re-  
appointment.

**DEPOSITS**

The Company has not accepted any fixed deposits during the period under review.

**FUTURE OUTLOOK**

Your Company has advised KJMC Asset Management Company Ltd., the Asset  
Manager of KJMC Mutual Fund, to recommend on launching a mix of Large Cap and  
Mid Cap Diversified & Sectoral Schemes, in the context of emerging favourable  
economic situations for Industry and Capital Markets in India and Abroad.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- (i) In the preparation of the annual accounts, the applicable accounting standards  
had been followed along with proper explanations relating to material departures;
  - (ii) The Directors have applied required accounting policies consistently and have  
followed prudent norms so as to give a true and fair view of the state of affairs  
of the Company at the end of the financial year and of the profit or loss of the  
Company for that period;
  - (iii) The Directors took proper and sufficient care to maintain adequate accounting  
records in accordance with the provisions of the Companies Act, 1956, to  
safeguard the assets of the Company and to prevent and detect fraud and other  
irregularities.
  - (iv) The Directors prepared the annual accounts on a going concern basis.
- ACKNOWLEDGEMENT**  
Your Directors place their sincere thanks to the regulatory authorities, banks and  
shareholders for their co-operation and support.

Place: Mumbai  
Date: 26<sup>th</sup> June, 2009

On behalf of the Board of Directors  
I.C. JAIN                      N.L. MAHESHWARI  
DIRECTOR                      DIRECTOR

**AUDITOR'S REPORT**

To the Members of KJMC INVESTMENT TRUST COMPANY LIMITED

We have audited the attached Balance Sheet of KJMC INVESTMENT TRUST  
COMPANY LIMITED, as at 31<sup>st</sup> March 2009 and also the Profit and Loss Account for the  
year ended on that date annexed thereto. These financial statements are the responsibility  
of the Company's management. Our responsibility is to express an opinion on these  
financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in  
India. Those Standards require that we plan and perform the audit to obtain reasonable  
assurance about whether the financial statements are free of material misstatement. An  
audit includes examining, on a test basis, evidence supporting the amounts and disclosures  
in the financial statements. An audit also includes assessing the accounting principles used  
and significant estimates made by management, as well as evaluating the overall financial  
statement presentation. We believe that our audit provides a reasonable basis for our  
opinion.

- 1) As required by the Companies (Auditor's Report) Order, 2003, issued by the Central  
Government of India in terms of sub-section (4A) of section 227 of the Companies  
Act, 1956, we enclose in the Annexure a statement on the matters specified in  
paragraphs 4 and 5 of the said Order.
- 2) Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our  
knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the  
company so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in  
agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this  
report comply with the accounting standards referred to in sub-section (3C) of section  
211 of the Companies Act, 1956
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March,  
2009, which are to be taken on record by the Board of Directors, we report that none  
of the directors are disqualified as at 31<sup>st</sup> March 2009 from being appointed as a  
director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act,  
1956.
  - f) In our opinion and to the best of our information and according to the explanations  
given to us, the said accounts give the information required by the Companies Act,  
1956, in the manner so required and give a true and fair view in conformity with the  
accounting principles generally accepted in India:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup>  
March, 2009; and
    - b. in the case of the Profit and Loss Account, of the Profit for the year ended on that  
date.

For K. S. Aiyar & Co.,  
Chartered Accountants  
Satish Kelkar  
Partner  
Membership No. 38934

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 1 of our Report of even date on the Accounts for the year ended  
on 31<sup>st</sup> March 2009 of KJMC Investment Trust Company Limited)

- i) The company doesn't have any inventory & accordingly the provisions of clause  
4(i) sub Clause (a), (b) & (c) are not applicable.

- (ii) The company doesn't have any inventory & accordingly the provisions of clause 4(ii)  
sub-clause (a), (b) & (c) are not applicable.
- (iii) The company is not involved in any activity relating to purchase of fixed assets,  
inventory & sale of goods & accordingly the provisions of clause 4 (iv) are not  
applicable.
- (iv) According to the information and explanations given to us, we are of the opinion that  
there are no transactions exceeding Rs.5 Lacs that need to be entered in the register  
maintained under section 301.
- (v) The company has not accepted any deposits from public & accordingly the  
provisions of clause 4 (vi) are not applicable.
- (vi) The provisions of clause 4 (vii) relating to internal audit are not applicable to the  
company.
- (vii) The Central Government under Section 209(1)(d) of the Companies Act, 1956, has  
not prescribed the maintenance of cost records & accordingly the provisions of clause  
4(viii) are not applicable.
- (viii) The company is not liable to any dues pertaining to Provident Fund, Investor  
Education Protection Fund, Employees' State Insurance, Income-tax, Sales-tax,  
Wealth-tax, Custom duty, Excise-duty or any other statutory dues etc. &  
accordingly the provisions of clause 4(ix) sub clause (a) & (b) are not applicable.
- (ix) The date of incorporation of the company is 1<sup>st</sup> December, 1998. Hence the company  
has been registered for more than 5 years. It's accumulated losses as at the end of  
financial year are not more than 50% net worth. The company has not incurred cash  
loss during the current financial year. However it has incurred cash loss in the  
financial year immediately preceding to current financial year.
- (x) There are no borrowings from bank, financial institution or debenture holders.  
Accordingly the provisions of clause 4(xi) are not applicable.
- (xi) Based on our examination of the records and the information & explanations given to  
us, the company has not granted any loans or advances on the basis of security by  
way of pledge of shares, debentures or other similar securities.
- (xii) In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society.  
Therefore, the provisions of clause 4 (xiii) are not applicable to the company.
- (xiii) The company does not deal or trade in shares, securities, debentures and other  
investments. The company also does not hold shares, securities or other investments.
- (xiv) The company has not given guarantees for loans taken by others from banks or  
financial institutions.
- (xv) According to records of the company, no term loans have been raised during the year  
by the company.
- (xvi) According to the information and explanations given to us and on an overall  
examination of the balance sheet of the company, we report that no funds raised on  
short term basis have been used for long term investments.
- (xvii) According to the information and explanations given to us, the company has not made  
any preferential allotment of shares to parties and companies covered in the register  
maintained under section 301 of the Act.
- (xviii) According to the information and explanations given to us, the company has not  
issued debentures during the year.
- (xix) According to the information and explanations given to us, no public issues have been  
made during the year.
- (xx) According to the information and explanations given to us, no fraud on or by the  
company has been noticed or reported during the course of our audit.

For K. S. Aiyar & Co.,  
Chartered Accountants  
Satish Kelkar  
Partner  
Membership No. 38934

Place : Mumbai  
Date : 26<sup>th</sup> June, 2009



**BALANCE SHEET AS AT 31ST MARCH 2009**

	As at Schedules 31/03/2009 (Amount in Rs)	As at 31/03/2008 (Amount in Rs)
<b>SOURCES OF FUNDS :</b>		
<b>Shareholders' Funds</b>		
a) Share Capital		
Authorised :		
100,000 ( 100,000) Equity Shares of Rs. 10 each	1,000,000	1,000,000
Issued, Subscribed and Paid - up :		
100,000 (100,000) Equity Shares of Rs. 10 each fully paid up (All the shares are held by KJMC Financial Services Limited, the holding company)	1,000,000	1,000,000
<b>T O T A L</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>APPLICATION OF FUNDS:</b>		
<b>Current Assets , Loans and Advances</b>		
a) Current Assets	1	
Cash and Bank Balance	958,304	914,096
b) Loans and Advances	2	
	45,193	44,130
	1,003,497	958,226
<b>Less : Current Liabilities and Provisions</b>		
a) Liabilities	3	
	244,812	228,015
b) Provisions	4	
	3,000	-
	247,812	228,015
<b>Net Current Assets</b>	<b>755,685</b>	<b>730,211</b>
<b>Miscellaneous Expenditure</b>		
Profit and Loss Account	244,315	269,789
<b>T O T A L</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS</b>		
Schedule annexed hereto form integral part of the Balance Sheet and Profit and Loss Account. As per our report attached For and on behalf of the Board of Directors For K.S. Aiyar & Co. Chartered Accountants Satish Kelkar Partner M. No. 38934 Place : Mumbai Dated : 26/6/2009		
I.C. Jain Director	N.L. Maheshwari Director	
Place : Mumbai Dated : 26/6/2009		

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the year ended 31/03/2009 (Rs.)	For the year ended 31/3/2008 (Rs.)
Net profit as per profit and loss account	28,474	(3,306)
Add : Preliminary Expenses		
Less : Considered separately		
Interest income	(71,788)	(49,726)
Prior period Items		
<b>Net cash flow before working cap. Changes</b>	<b>(43,314)</b>	<b>(53,032)</b>
Adjustment		
Trade and other receivable	(1,063)	(2,888)
Trade payable and other liability	16,797	12,528
<b>Net cash flow from operating activities</b>	<b>15,734</b>	<b>9,640</b>
<b>Cash from Investing activity</b>	<b>(27,580)</b>	<b>(43,392)</b>
Interest received	71,788	49,726
Purchase of Fixed assets		
Sale of Fixed assets		
<b>Net cash flow from Investing activities</b>	<b>71,788</b>	<b>49,726</b>
Cash from financing activity		
Loan taken (net of repayment)		
Investments		
Purchase of Shares		
Sale of Shares		
Share application money		
Share issued		
<b>Net cash flow from financing activities</b>	<b>44,208</b>	<b>6,334</b>
<b>Net cash flow</b>	<b>44,208</b>	<b>6,334</b>
Cash and cash equivalent at the beginning of year	914,096	907,762
<b>Cash and cash equivalent at the end of year</b>	<b>958,304</b>	<b>914,096</b>
As per our report attached For and on behalf of the Board of Directors		
For K.S. Aiyar & Co. Chartered Accountants Satish Kelkar Partner Membership No.38934 Place : Mumbai Dated : 26th June 2009	I.C. Jain Director	N.L. Maheshwari Director
Place : Mumbai Dated : 26th June 2009		

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

Schedules	For the year ended 31/03/2009 (Amt in Rs)	For the year ended 31/03/2008 (Amt in Rs)
<b>INCOME</b>		
Interest Income [TDS Rs. 13581/- (Rs.7730/-)]	71,788	49,726
	<u>71,788</u>	<u>49,726</u>
<b>EXPENDITURE :</b>		
Audit Fees	11,030	10,112
Bank Charges	1,150	150
Board Meeting Fees	24,000	24,000
Conveyance Charges		9,000
Miscellaneous Expenses	210	11
Professional Fees	6,024	6,459
ROC Fees	900	3,300
	<u>43,314</u>	<u>53,032</u>
<b>Profit/(Loss) before Tax</b>	<b>28,474</b>	<b>(3,306)</b>
Tax - Current	3,000	
<b>Profit/(Loss) after Tax</b>	<b>25,474</b>	
Add : Surplus as per last account	(269,789)	(266,483)
<b>Balance Carried to Balance Sheet</b>	<b>(244,315)</b>	<b>(269,789)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS</b>		
Schedule annexed hereto form integral part of the Balance Sheet and Profit and Loss Account. As per our report attached For and on behalf of the Board of Directors For K.S. Aiyar & Co. Chartered Accountants Satish Kelkar Partner M. No. 38934 Place : Mumbai Dated : 26/6/2009		
I.C. Jain Director	N.L. Maheshwari Director	
Place : Mumbai Dated : 26/6/2009		

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009**

	As at 31/03/2009 (Amt in Rs)	As at 31/03/2008 (Amt in Rs)
<b>SCHEDULE - 1</b>		
<b>CURRENT ASSETS :</b>		
Cash and Bank Balances	17,472	16,036
Balance with Schedule bank in current accounts	940,832	898,060
Balance with Schedule bank in Fixed Deposits		
Cheques in Hand		
	<u>958,304</u>	<u>914,096</u>
<b>SCHEDULE - 2</b>		
<b>LOANS and ADVANCES</b>		
Advance recoverable in cash or kind	45,193	44,130
	<u>45,193</u>	<u>44,130</u>
<b>SCHEDULE - 3</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	244,812	228,015
	<u>244,812</u>	<u>228,015</u>
<b>SCHEDULE - 4</b>		
<b>PROVISIONS</b>		
Provision for Income tax	3,000	-
	<u>3,000</u>	<u>-</u>
<b>SCHEDULE - 5</b>		
<b>NOTES FORMING PARTS OF ACCOUNTS</b>		
1. SIGNIFICANT ACCOUNTING POLICIES		
(a) BASIS OF ACCOUNTING: The Financial statements are prepared under historical cost convention on accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act.		
(b) REVENUE RECOGNITION : Trusteeship fees are accounted for on accrual basis.		
(c) TAXATION		
(i) The provision for Current Income Tax is made at the applicable rates under the Income Tax Act, 1961		
(ii) Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax asset, on timing difference between taxable income and accounting income that originate in current period and are capable of reversal in one or more subsequent periods.		
2. Information with regard to other matters specified in paragraphs 3, 4A,4C and 4D of part II of Schedule VI of the Companies Act,1956 are either NIL or not applicable to the Company for the year ended 31st March, 2009.		
3. Calculation of EPS		
Net Profit / (loss) as per Profit and Loss Account in Rs.	A	28,474 (3,306)
Weighted Average No. of shares in Nos.	B	100,000 100,000
Earning per share in Rs.	A/B	0.28 (0.03)
4. The Company is engaged in the business of providing trust services as such there are no separate reportable primary business segment nor geographical segment as required by Accounting Standard 17 on "Segment - Reporting" issued by the Institute of Chartered Accountants of India.		

5. Net Deferred Tax Asset Rs.68,091/- is not recognised as a measure of prudence.
6. The Company has not any vendor having status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.
7. As per Accounting Standard 18 (AS-18) 'Related Party Disclosures', notified in the Companies (Accounting Standards) Rules 2006, the disclosures of transactions with related parties as defined in AS-18 are given below :

Sr. No.	Name of the Related Party	Relationship
1.	KJMC Financial Services Limited	Holding Company
2.	KJMC Asset Management Co. Limited	Fellow Subsidiary
3.	KJMC Capital Market Services Limited	Associate
4.	KJMC Mutual Fund	Associate
5.	Mr. I. C. Jain	Key Management Personnel

Name of the company / Nature of Transaction	Year 2008-2009	Year 2007-2008
<b>1. With holding company</b>		
Opening Balance	NIL	NIL
Reimbursement of Expenses	45,246	3,300
Maximum Outstanding during the year	45,246	3,300
Closing Balance Debit / (Credit)	NIL	NIL
<b>2. With associate</b>		
<b>A. KJMC Asset Management Co. Limited</b>		
Opening Balance	NIL	NIL
Reimbursement of Expenses	32,136	NIL
Maximum Outstanding during the year	24,136	12,518
Closing Balance Debit / (Credit)	NIL	NIL
<b>B. KJMC Mutual Fund</b>		
Opening Balance	(217,903)	(205,385)
Interest	13,879	12,518
Maximum Outstanding during the year	13,879	12,518
Closing Balance Debit / (Credit)	(231,782)	(217,903)

8. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable.

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

For K.S. Aiyar & Co.

Chartered Accountants

Satish Kelkar I.C. Jain N.L. Maheshwari  
Partner Director Director

M. No. 38934

Place : Mumbai Place : Mumbai  
Dated : 26/6/2009 Dated : 26/6/2009

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

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

<b>I Registration Details</b>			
Registration No.	U74899DL1998PLC097252	State Code	55
Balance Sheet Date	31.03.2009		
<b>II Capital Raised during the year (Amounts in Rs. Thousands)</b>			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
<b>III Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)</b>			
Total Liabilities	1000	Total Assets	1000
<b>Sources Of Funds</b>		<b>Application Of Funds</b>	
Paid - up Capital	1000	Net Fixed Assets	Nil
Reserves & Surplus	Nil	Investments	Nil
Secured Loan	Nil	Net Current Assets	756
Unsecured Loan	Nil	Misc. Expenses	Nil
Deferred tax liability (Net)	Nil	Accumulated Losses	244
<b>IV Performance of Company (Amount in Rs. Thousands)</b>			
Turnover	72	Total Expenditure	43
Profit/(Loss) before Tax	28	Profit/(Loss) after Tax	25
Earning per share in Rs.		Dividend rate %	NA
<b>V. Generic names of Principal Products / Services of company (as per monetary terms)</b>			
Item Code No.	Nil		
Product Description	Trusteeship Company		

For and on behalf of the Board of Directors

Place : Mumbai I.C. Jain N.L. Maheshwari  
Dated : 26th June 2009 Director Director



**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors,  
KJMC FINANCIAL SERVICES LIMITED

- We have examined the attached consolidated Balance Sheet of KJMC Financial Services Limited and its subsidiaries (collectively, 'the group') as at March 31, 2009, and the consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements prepared are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
- We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets (net) of Rs.10.00 lakhs as at 31st March,2009, total profit for the year Rs.25,474/-. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.
- We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 (AS-21) 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of KJMC Financial Services Limited and its subsidiaries included in the Consolidated Financial Statements.
- On the basis of the information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of KJMC Financial Services Limited and its aforesaid subsidiaries together with the Significant Accounting Policies and other notes in consolidation appearing in Schedule17, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of KJMC Financial Services Limited and its subsidiaries as at 31st March 2009,
  - In the case of the Consolidated Profit & Loss account, of the Consolidated results of operations of the KJMC Financial Services Limited and its subsidiaries for the year then ended and
  - In the case of the consolidated Cash Flow Statement, of the consolidated cash flow of KJMC Financial Services Limited for the year then ended.

For Batliboi & Purohit  
Chartered Accountants

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

Place: Mumbai  
Dated: 27th June 2009

**KJMC FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009**

Particulars	Schedules	As At 31.03.2009 (Rs.)	As At 31.03.2008 (Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>(1) Share holder's Fund</b>			
i) Share Capital	1	39,094,400	37,652,400
ii) Reserves and Surplus	2	63,508,869	96,901,837
iii) Share Warrants (Pending Allotment)		177,016	511,560
<b>(2) Loan Funds</b>			
i) Secured Loans	3	2,487,285	16,929,148
ii) Unsecured Loans	4	33,203,381	85,313,971
<b>(3) Deferred Tax Liabilities (Net)</b>			
<b>TOTAL</b>		<b>138,470,951</b>	<b>238,638,255</b>
<b>APPLICATION OF FUNDS :</b>			
<b>(1) Fixed Assets</b>			
a) Gross Block	5	20,165,170	45,823,671
b) Less : Depreciation		12,955,403	18,936,998
c) Net Block		7,209,767	26,886,673
Add: Goodwill on Consolidation		10,762,500	10,762,500
		17,972,267	37,649,173
<b>(2) Investments</b>			
<b>(3) Current Assets , Loans and Advances</b>			
(a) Inventories, Sundry Debtors, Cash and bank balances	7	18,179,019	96,121,536
(b) Loans and Advances	8	88,947,607	94,650,197
		107,126,626	190,771,733
<b>Less : Current Liabilities and Provisions</b>			
(a) Current Liabilities	9	85,525,113	60,745,827
(b) Provisions	10	224,271	7,592,719
		85,749,384	68,338,546
<b>Net Current Assets</b>			
<b>(4) Miscellaneous Expenditure</b>			
(To the extent not written off or adjusted)	11	21,377,242	122,433,187
			32,500
<b>TOTAL</b>		<b>138,470,951</b>	<b>238,638,255</b>
SIGNIFICANT ACCOUNTING POLICIES 17			
NOTES FORMING PART OF THE ACCOUNTS 18			
As per our report of even date attached			

For BATLIBOI & PUROHIT  
Chartered Accountants  
R D HANGEKAR  
Partner  
Membership No. 30615  
Place : Mumbai  
Date : 27th June, 2009

For and on behalf of the Board of Directors  
RAJNESH JAIN  
Director  
GIRISH JAIN  
Director  
Place Mumbai  
Date : 27th June, 2009

**KJMC FINANCIAL SERVICES LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009**

Particulars	Schedules	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
<b>INCOME :</b>			
Professional Fees and Other Income	12	2,292,962	12,917,925
Brokerage Income		-	31,522,987
Sale of Shares		-	485,288
Profit on Sale of Investments		8,629,210	21,419,247
Profit on trading in securities		162,858	-
Profit on Sale of Asset		-	7,288
Closing Stock	3	146,591	-
		11,085,033	66,499,327
<b>EXPENDITURE :</b>			
Opening Stock		146,591	374,329
Subscription and Fees	13	250,000	250,000
Salaries and Allowances	14	1,961,224	17,189,591
Operative and Other Administrative Expenses	15	1,864,858	20,637,919
Financial Charges	16	923,351	1,580,269
Sub brokerage Paid		-	2,220,336
Diminution in valuation of Investments		249,999	-
Loss on Derivatives		2,467,767	7,261,142
Debts written off		425,693	6,520
Preliminary and Share Issue Expenses written off		32,500	6,500
		8,321,984	49,526,606
Profit before depreciation and tax		2,763,049	16,972,721
Depreciation		728,895	2,236,115
Profit before tax		2,034,154	14,736,606
Less : Provision for Taxation — Current		148,000	1,476,000
— Fringe benefit tax		67,712	242,639
— Deferred		(1,077,453)	(2,539,439)
<b>Profit After Taxes</b>		<b>2,895,895</b>	<b>15,557,406</b>
Add : Prior Period Item (net)		(4,829)	(345,539)
Add : Surplus as per last account		7,027,987	30,538,304
		9,919,053	45,750,170
<b>Appropriations :</b>			
Special Reserve		524,119	1,729,500
General Reserve		262,060	-
Dividend on Redeemable Preference shares		1,020,000	-
Tax on Dividend		173,349	-
Balance Carried to Balance Sheet		7,939,525	44,020,670
SIGNIFICANT ACCOUNTING POLICIES 17			
NOTES FORMING PART OF THE ACCOUNTS 18			
As per our report of even date attached		For and on behalf of the Board of Directors	
For BATLIBOI & PUROHIT Chartered Accountants R D HANGEKAR Partner Membership No. 30615 Place : Mumbai Date : 27th June, 2009		RAJNESH JAIN Director GIRISH JAIN Director Place : Mumbai Date : 27th June, 2009	

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

	For the year ended 31/03/2009 (Rs.)	For the year ended 31/3/2008 (Rs.)
<b>Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary Items	2,034,154	14,736,606
Adjustment for :		
Bad Debts written off	425,693	6,520
Deferred Expenses written off	-	2,748,624
Depreciation	728,895	2,236,115
Provision for Gratuity	-	436,254
Interest Income	(90,661)	(2,910,988)
Dividend Income	(1,049,166)	(1,735,124)
Interest and Financial Charges	924,501	1,580,269
Preliminary / Share Issue Expenses	32,500	6,500
Sundry Credit Balance written back	-	(7,134,083)
Diminution in valuation of Investments	249,999	-
Prior Period Item	(4,829)	(345,539)
(Profit) / Loss on Sale of Investments	(8,629,210)	(21,419,247)
(Profit) / Loss on Sale of Assets	-	(7,288)
<b>Operating Profit Before Working Capital Changes</b>	<b>(5,378,124)</b>	<b>(11,801,381)</b>
Adjustment for :		
(Increase) / decrease in trade and other receivable	1,529,825	(37,597,394)
(Increase) / decrease in Inventories	146,588	229,775
Trade Payable and Other Liabilities	3,238,949	55,561,869
<b>(Increase) / Decrease in Net Current Assets</b>	<b>4,915,362</b>	<b>18,194,249</b>



## 21st Annual Report 2008-2009

		For the year ended 31/03/2009 (Rs.)	For the year ended 31/3/2008 (Rs.)	KJMC FINANCIAL SERVICES LIMITED SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2009	
				As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<b>Cash generated from Operations</b>					
Direct Taxes Paid (Net of Refund)		(462,762)	6,392,869		
Cash Flow Before Extraordinary Items		529,918	(865,659)		
Extraordinary Items		67,156	5,727,210		
<b>Net Cash flow from Operating Activities</b>		<b>67,156</b>	<b>5,727,210</b>		
<b>Cash Flow from Investment Activities</b>					
Change in Investments		59,096,830	1,496,036		
Investment in associate company		(1,575,000)			
Purchase of Fixed Assets		(156,046)	(8,693,875)		
Sale of Fixed Assets			52,250		
Interest Income		90,661	4,646,112		
Dividend Income		1,049,166	2,098,332		
<b>Net Cash Flow from Investing Activities</b>		<b>58,505,611</b>	<b>(401,146)</b>		
<b>Cash Flow From Financing Activities</b>					
Loan Taken-Secured (Net of repayments)		(8,262,310)	11,474,943		
Loan Taken-Unsecured (Net of repayments)		(51,965,596)	(173,375,201)		
Loans given		3,563,591			
Interest and Finance Charges		(922,027)	(1,580,269)		
Accumulated Lease Asset adjustment			113,872,279		
Adjustment for transfer from Advances to Bank Balance		(61,193)			
Deposit			57,101,631		
Increase in Share Capital		1,442,000			
Increase in Share Premium		1,901,998			
Issue of warrants		334,544	511,560		
Dividend Paid			(1,054,371)		
<b>Net Cash Flow from Financing Activities</b>		<b>(53,968,993)</b>	<b>6,950,572</b>		
Net Increase in Cash and Cash Equivalents (A+B+C)		4,603,774	12,276,635		
Cash and Cash Equivalents at the beginning of the Year*		5,005,082	27,309,337		
Cash and Cash Equivalents at the close of the Year		9,608,856	39,585,972		
(* Necessary adjustment is made for Cash and Bank Balance of divested subsidiary company)					
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.					
<b>For BATLIBOI &amp; PUROHIT</b>		For and on behalf of the Board of Directors			
Chartered Accountants.					
<b>R.D.HANGEKAR</b>		<b>RAJNESH JAIN</b>		<b>GIRISH JAIN</b>	
Partner		Director		Director	
Membership No. 30615		Date : 27th June, 2009		Date : 27th June, 2009	
Place : Mumbai		Date : 27th June, 2009		Date : 27th June, 2009	
Date : 27th June, 2009		Date : 27th June, 2009		Date : 27th June, 2009	
<b>SCHEDULE - 5</b>					
<b>FIXED ASSETS :</b>					

PARTICULARS	GROSS BLOCK (At Cost)					DEPRECIATION				NET BLOCK	
	Rate of Depn.	AS AT 01-04-2008	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	AS AT 31-03-2009	UPTO 01-04-2008	FOR THE YEAR	DEDUCTIONS DURING	UPTO 31-03-2009	AS AT 31-03-2009	AS AT 31.03.2008
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>OWNED ASSETS :</b>											
Building	5.00%	10,813,873	-	-	10,813,873	5,281,301	276,629	-	5,557,930	5,255,943	5,532,572
Furniture & Fixtures	18.10%	6,327,939	123,034	-	6,450,973	5,494,738	160,088	-	5,654,826	796,147	833,202
Office Equipments	13.91%	1,523,352	-	-	1,523,352	1,230,452	40,742	-	1,271,194	252,158	292,900
Electrical Fittings	13.91%	545,289	33,012	-	578,301	194,932	50,648	-	245,580	332,721	350,357
Computers	40.00%	9,975	-	-	9,975	6,384	1,436	-	7,820	2,155	3,591
Vehicles	25.89%	788,695	-	-	788,695	18,701	199,351	-	218,052	570,643	769,994
<b>Total</b>		<b>20,009,124</b>	<b>156,046</b>	<b>-</b>	<b>20,165,170</b>	<b>12,226,508</b>	<b>728,895</b>	<b>-</b>	<b>12,955,403</b>	<b>7,209,767</b>	<b>7,782,616</b>
Previous Year		298,226,984	1,201,673	279,419,534	20,009,124	190,471,872	603,102	178,848,466	12,226,508	7,782,616	

### SCHEDULE : 6 CONSOLIDATED INVESTMENTS :

Sr.No.	Particulars	Face Value per share Rs.	As at 31st March 2009		As at 31st March 2008	
			Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
	Long term trade investments					
	Equity shares - Quoted					
1	Astra Micro Limited	2	7,515	1,168,037	7,515	1,168,037
2	Bank of Rajasthan Limited	10	1,200	180,301	1,000	180,301
3	Bgr Energy Systems Limited	10	-	-	213	102,240
4	Bharat Forge Limited	2	-	-	4,000	1,256,200
5	Binani Cement Limited	10	13,000	1,279,278	13,000	1,279,278



Sr.No.	Particulars	Face Value per share Rs.	As at 31st March 2009		As at 31st March 2008	
			Quantity Nos.	Amount Rs.	Quantity Nos.	Amount Rs.
6	Bosch Ltd. (formerly known as MICO Ltd.)	10	360	1,365,617	360	1,365,617
7	Central Bank of India	10	35,000	4,756,565	35,000	4,756,565
8	Centurion Bank Of Punjab Limited	1	-	-	36,000	919,006
9	Century Textile & Industries Limited	10	-	-	7,000	4,343,888
10	Dewan Housing Limited	10	1,000	178,403	1,000	178,403
11	Dredging Corporation	10	1,800	1,715,209	1,800	1,715,209
12	Ess Dee Aluminium Limited	10	2,500	631,526	2,500	631,526
13	Etc Networks Limited	10	-	-	1,000	744,700
14	Gic Housing Finance Limited	10	1,000	83,510	5,500	450,240
15	Glenmark Pharma Limited	1	1,000	417,245	1,000	417,245
16	Gujarat Industries Power Company Limited	10	-	-	7,600	658,625
17	Gujarat Petronet Limited	10	15,000	1,605,172	15,000	1,605,172
18	Gujarat State Petronet Limited	10	-	-	7,000	695,750
19	Himachal Futuristics Comm Limited	10	10,000	425,300	10,000	425,300
20	Hindustan Copper Limited	10	2,000	1,290,429	2,900	1,712,399
21	Hotline Glass Limited	10	37,549	584,318	37,549	584,319
22	ICICI Bank limited	10	1,000	1,046,524	1,000	1,046,524
23	India Bulls Finance Limited	2	4,500	4,142,988	4,500	4,142,988
24	India Bulls Real Estate Limited	2	2,000	1,443,212	5,000	2,957,007
25	India Bulls Securities Limited (Bonus)	2	-	-	4,500	-
26	Info Edge Limited	10	300	171,368	1,015	579,832
27	Kalplaru Power Limited	10	-	-	44	82,528
28	Larsen & Toubro Limited	2	600	946,858	300	946,858
29	Mahindra & Mahindra Limited	10	940	738,536	940	738,536
30	Manugraph India Limited	2	3,000	574,127	3,000	574,127
31	Mundra Port & Special Economic Zone Limited	10	1,283	870,886	1,792	1,227,846
32	Net 4 India Limited	10	10,000	800,000	10,000	800,000
33	Om Metals & Infraprojects Limited	1	5,000	425,597	5,000	425,597
34	Parshvnath Developers Limited	10	500	91,993	500	91,993
35	Petron Engineering & Construction Limited.	10	2,718	676,647	2,718	676,647
36	Poly Medicare Limited	10	1,650	230,762	1,650	230,762
37	Power Grid Corporation Ltd	10	5,000	574,494	5,000	574,494
38	Premier Explosives Limited	10	21,000	967,495	21,000	967,495
39	Reliance Infrastructure Limited	10	1,150	1,665,642	1,150	1,665,642
40	Reliance Communication Ventures Limited	5	-	-	2,750	848,788
41	Reliance Industrial Infrastructure Limited	5	300	668,598	300	668,598
42	Reliance Industries Limited	10	-	-	3,470	2,217,041
43	Reliance Infrastructure Limited	10	-	-	700	1,430,500
44	Reliance Petroleum Limited	10	3,350	635,455	3,350	635,455
45	Reliance Power Limited	10	2,776	554,952	1,735	554,952
46	Religare India Limited	10	-	-	3,000	1,472,363
47	Shilpa Medicare Limited	2	4,058	172,049	7,000	296,765
48	Shree Vindhya Paper Mills Limited	10	33,640	3,487,870	33,640	3,487,870
49	Singer India Limited	10	3,400	247,160	34,000	247,160
50	Spice Communications Limited	10	-	-	10,500	483,000
51	The Dhanlakhmi Bank Limited	10	-	-	2,000	182,900
52	Yes Bank Limited	10	2,000	454,524	2,100	475,192
	Sub Total (A)			<b>37,268,644</b>		<b>55,919,474</b>
	Equity shares - Unquoted : (Non Trade)					
	<b>(B) In other companies</b>					
1	Port City Infrastructure Development (I) Limited	10	-	-	100,000	1,000,000
2	Prime Pictures Limited	10	25,000	1	25,000	250,000
3	Bombay Stock Exchange Limited	1	-	-	3,614	6,350,880
4	KJMC Capital Market Services Ltd	10	5,000,000	50,000,000	-	-
5	KJMC Credit Marketing Limited	10	25,000	250,000	-	-
6	KJMC Commodities Market India Ltd	10	157,500	1,575,000	-	-
	Sub Total (B)			<b>51,825,001</b>		<b>7,600,880</b>
	Mutual Funds		No. of Unit	Rs.	No. of Unit	Rs.
1	UTI Mutual Fund		9,546.845	10,027,796	-	-
2	Lotus India Mutual Fund		-	-	1,500,049.096	15,003,041
	Sub Total (C)			<b>10,027,796</b>		<b>15,003,041</b>
	Grand Total (A+B+C)			<b>99,121,441</b>		<b>78,523,395</b>
	Abstract					
	Aggregate Amount of Quoted Investment			<b>47,296,440</b>		<b>55,919,474</b>
	Aggregate market Value Quoted Investment			<b>20,539,157</b>		<b>47,124,256</b>
	Aggregate Amount of unquoted Investment			<b>51,825,001</b>		<b>22,603,921</b>

## 21st Annual Report 2008-2009

Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)	Particulars	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)									
<b>SCHEDULE - 7</b>														
<b>CURRENT ASSETS</b>														
Stock in Trade (Lower of cost or Market Value)	3	147,097	Motor Car Expenses	20,595	5,563									
Sundry Debtors (Unsecured and considered good)			Office Maintenance	-	257,975									
Debts outstanding for more than 6 months	7,312,275	27,731,960	Postage and Mailing Charges	39,736	475,075									
Less than 6 months	1,257,885	30,754,819	Printing and Stationery	64,694	1,048,796									
			Professional Tax	5,000	7,000									
Cash and Bank Balances			Registrar and Transfer Charges	25,584	27,974									
Cash on hand	418,644	1,004,429	Rent, Rates and Taxes		2,687,455									
Cash at Bank (with Scheduled Banks in Current Accounts)	9,190,212	8,783,986	Repairs Maintenance											
Fixed Deposit (including interest accrued)	-	27,699,225	- Building	5,727	25,000									
	<u>18,179,019</u>	<u>96,121,536</u>	- Others	25,118	238,616									
<b>SCHEDULE - 8</b>			S T P Charges	-	40,874									
<b>LOANS AND ADVANCES</b>			S T T	16,286	167,027									
Unsecured and Considered Good			Service Tax	-	681,985									
Loans (Including interest accrued)	528,540	3,583,336	Society Maintenance Charges	-	96,472									
Advances recoverable in cash or kind for value to be received	3,115,380	18,907,103	Stock exchange charges and fees	-	1,201,977									
Deposits	<u>85,303,687</u>	<u>72,159,758</u>	Subscription and Membership fees	58,652	1,139,155									
	<u>88,947,607</u>	<u>94,650,197</u>	Sundry Balances written off	-	242,280									
<b>SCHEDULE - 9</b>			Telephone Expenses	88,080	838,322									
<b>CURRENT LIABILITIES</b>			Tour and Travelling Expenses	46,014	-									
Sundry Creditors	244,812	-	Vehicle Tax	-	555									
Other Liabilities	<u>85,280,301</u>	<u>60,745,827</u>		<u>1,864,858</u>	<u>20,637,919</u>									
	<u>85,525,113</u>	<u>60,745,827</u>	<b>SCHEDULE - 16</b>											
<b>SCHEDULE - 10</b>			<b>FINANCIAL CHARGES</b>											
<b>PROVISIONS</b>			Bank Interest	908,626	752,029									
Provision for Expenses	8,559	5,000	Other Interest	-	346,306									
Provision for Income tax	162,362	6,908,826	Bank Charges / Commission	14,725	481,934									
Provision for Fringe Benefits	53,350	242,639		<u>923,351</u>	<u>1,580,269</u>									
Provision for Gratuity	-	436,254	<b>SCHEDULE - 17</b>											
	<u>224,271</u>	<u>7,592,719</u>	<b>Significant Accounting Policies to the Consolidated Financial Statement:</b>											
<b>SCHEDULE - 11</b>			<b>I. Basis of Consolidation</b>											
<b>MISCELLANEOUS EXPENDITURE</b>			<b>a) Basis of Preparation</b>											
(To the extent not written off or adjusted)			The consolidated financial statements are prepared in accordance with the Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountant of India.											
Preliminary Expenditure and Share Issue Expenses	-	<u>32,500</u>	<b>b) Principles of Consolidation</b>											
	-	<u>32,500</u>	The consolidated financial statements have been prepared based on a line-by-line consolidation of the financial statement of KJMC Financial Services Limited and its subsidiaries. The details of subsidiary companies whose financial statements are consolidated are as under:											
<b>SCHEDULE - 12</b>			<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name of Subsidiary</th> <th style="text-align: left;">Country of Incorporation</th> <th style="text-align: left;">Percentage of Ownership</th> </tr> </thead> <tbody> <tr> <td>KJMC Assets Management Company Limited</td> <td style="text-align: left;">India</td> <td style="text-align: left;">100%</td> </tr> <tr> <td>KJMC Investment Trust Company Limited</td> <td style="text-align: left;">India</td> <td style="text-align: left;">100%</td> </tr> </tbody> </table>			Name of Subsidiary	Country of Incorporation	Percentage of Ownership	KJMC Assets Management Company Limited	India	100%	KJMC Investment Trust Company Limited	India	100%
Name of Subsidiary	Country of Incorporation	Percentage of Ownership												
KJMC Assets Management Company Limited	India	100%												
KJMC Investment Trust Company Limited	India	100%												
<b>PROFESSIONAL FEES AND OTHER INCOME</b>			<b>II. Summary of Group's Significant Accounting Policies:</b>											
Professional Fees [Tds Rs.92,700/- (Tds Rs. Nil)]	900,000	-	<b>1. Accounting Methodology:</b>											
Interest Income [Tds Rs.13,581/- (Tds Rs. 97,011)]	90,661	782,539	The financial statements are prepared on historical cost basis confirming to the statutory provisions. The Company adopts accrual system of accounting.											
Interest on FDR	-	2,128,449	<b>2. Revenue Recognition:</b>											
Baddebts Recovery	-	1,010,000	Revenue is being recognised as and when there is reasonable certainty of its ultimate realisation and on completion of the assignment.											
Dividend	1,049,166	1,735,124	<b>a) Income from other operations</b>											
Compensation Received	-	120,000	Income from other operations, which comprises of Interest on Loans and Intercorporate Deposits, are accounted for on accrual basis.											
Sundry Balances Written Back	-	7,134,083	<b>b) Non Performing Assets</b>											
Miscellaneous Income	<u>253,135</u>	<u>7,731</u>	Income is not recognized in respect of Non-Performing Assets, if any, as per the guidelines for prudential norms prescribed by RBI.											
	<u>2,292,962</u>	<u>12,917,925</u>	<b>c) Foreign Currency Transactions</b>											
<b>SCHEDULE - 13</b>			For Consolidation purpose transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions. Any income or expense on account of exchange difference on transaction is recognised as income or expense, as the case may be, for the year.											
<b>SUBSCRIPTION AND FEES</b>			<b>d) Dividend</b>											
Fees and Subscription	<u>250,000</u>	<u>250,000</u>	Dividend Income is recognized when the right to receive is established.											
	<u>250,000</u>	<u>250,000</u>	<b>3. Expenses:</b>											
<b>SCHEDULE - 14</b>			<b>a) Company provides for all expenses on accrual basis.</b>											
<b>SALARIES AND ALLOWANCES</b>			<b>b) As per the guidelines for Prudential Norms prescribed by R.B.I., the Company makes provision against non-performing assets, if any.</b>											
Salaries, Bonus, LTA and Leave encashment	1,816,786	15,419,883	<b>4. Fixed Assets and Depreciation:</b>											
Employers Contribution to PF and ESIC	-	819,407	Fixed Assets are stated at cost of acquisition less depreciation. Depreciation is provided under the written down value method, at the rates and in the manner prescribed under schedule XIV of the Companies Act, 1956.											
Staff Welfare	144,438	514,048	<b>5. Investments:</b>											
Provision for Gratuity	<u>1,961,224</u>	<u>17,189,591</u>	As certified by the Management, all investments are intended to be held for a period of more than one year from the date on which such investments are made. Accordingly all investments are long-term investments and are valued at cost. The cost is determined on Average Method basis.											
<b>SCHEDULE - 15</b>			<b>6. Amortization of expenses:</b>											
<b>OPERATIVE AND ADMINISTRATIVE EXPENSES</b>			Preliminary and Share Issue expenses are amortized in accordance with Section 35 D of the Income Tax Act, 1961. Expenditure in respect of increase in Authorised Capital has been amortized over 10 years.											
Advertisement Expenses	93,293	411,243												
Audit committee fees	7,000	-												
Auditors Remuneration	74,453	192,695												
Books and Periodicals	4,623	-												
Brokers Stamp	-	1,349,164												
Business Promotion	58,337	1,018,487												
Computer and Software Package Exp.	-	849,597												
Conveyance Expenses	446,933	1,425,837												
Demat Charges	15,329	39,707												
Depository Service charges	5,319	4,873												
Director Sitting Fees	68,000	67,000												
Donation	-	2,500												
Electricity Charges	-	911,033												
Filing Fees / Legal Fees / Appeal Fee	18,560	21,582												
Insurance Charges	33,978	245,630												
Professional Fees	532,716	4,209,648												
Listing and License Fees	27,184	10,000												
Loss on sale of asset	-	12,661												
Medical Expenses	15,512	20,400												
Miscellaneous Expenses	64,135	570,296												
Meeting and Seminar Expenses	4,000	73,466												



7. **Stock in Trade:**  
Stocks of shares are valued at cost or market value whichever is lower. Profit / Loss on trading of Options & Futures is recognised on squaring or expiry of contract. The differential amount between the premium paid /received and the premium prevalent on the balance sheet date, if loss is recognised in the profit and loss account.

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

**SCHEDULE - 18  
NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT:**

- Contingent Liabilities not provided for in respect of:  
Corporate Guarantees given to:  
i) Guarantees given to the HDFC Bank Rs. 300 Lacs for KJMC Capital Market Services Limited  
ii) Guarantees given to Corporation Bank Rs. 200 Lacs for KJMC Capital Market Services Limited
- The Company has not received any information from its vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.
- Income Expenditure relating to prior period:  
Prior Period Expenses Rs. 4,829 (Rs. 3,45,539/-)  
Prior Period Income NIL (NIL)
- Auditors Remuneration Rs. 74,453/- (Rs. 1,92,695/-)
- Earnings in Foreign Currency NIL (Rs. NIL)  
Expenditure in Foreign Currency NIL (Rs. NIL)
- Managerial remuneration included in the Profit & Loss Account as under-

	31 <sup>st</sup> March 2009(Rs)	31 <sup>st</sup> March 2008(Rs)
Salaries & Allowances	NIL	24,62,380
Perquisites	NIL	2,43,000
Total	NIL	27,05,380

- The Company has transferred 50,00,000 equity share having a face value of Rs.10/- each comprising 50% of the paid capital of KJMC Capital Market Services Limited, to M/s KJMC Global Market (India) Limited. The above referred acquisition is subject to requisite regulatory approvals for which necessary applications have been made and the same are awaited except approval of BSE/ NSE, which are received.
- The Tax effects of significant timing (temporary) differences that resulted in deferred tax assets and liabilities and description of major components of the financial statement items that creates these differences are as follow:

PARTICULARS	DEFERRED TAX LIABILITY/ (ASSET)
FIXED ASSETS	15,67,950
UNABSORBED DEPRECIATION	(90,361)
UNABSORBED LONG TERM CAPITAL GAIN (Indexed)	(1,21,36,304)
BUSINESS LOSS C/F	(3,29,553)
TOTAL	(1,09,88,267)

9. Earnings Per Share:			
Particulars	For the Year 31 <sup>st</sup> March, 2009		For the Year 31 <sup>st</sup> March, 2008
Net Profit/(Loss) after Taxation (Rs. In Lacs)	28.91		152.12
No of Shares	3059440		2915240
Face Value (Rs.)	10		10
Earnings Per Share Basic	0.58		4.81
Earnings Per Share Diluted	0.57		4.47

10. Additional information pursuant to the provisions of paragraph 3.4C and 4D of Schedule VI of the Companies Act 1956, to the extent applicable:

**(A) Details of opening stock, purchases, sales and closing stock-in-trade.**

I. Particulars	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (nos.)	Value (Rs. in Lacs)	Qty (nos.)	Value (Rs. in Lacs)	Qty (nos.)	Value (Rs. in Lacs)	Qty (nos.)	Value (Rs. in Lacs)
Equity Shares								
Stock in Hand	401860	3.76	174374	448.92	459024	454.67	117210	1.47
Stock in Hand (PV)	(495462)	(7.22)	27815	110.37	121417	148.69	(401860)	(3.76)
Mutual Funds								
Stock in Hand	0.473	0.0004	11066981	1195.49	11066981	1195.49	0.505	0.00005
Stock in Hand (PV)	14777008	175.03	8636748	888.32	10113755	1063.33	0.473	0.00004

11. Related party disclosures under Accounting Standard -18: (Rs. in lacs)  
**List of related parties**

- a) **Associates**  
KJMC Global Market (India) Limited  
KJMC Shares and Securities Limited  
KJMC Capital Market Services Limited  
KJMC Credit Marketing Limited  
KJMC Commodities Market India Limited
- b) **Key Management Personnel**  
Mr. Rajnesh Jain  
Mr. Girish Jain
- c) **Enterprises over which key management personnel is able to exercise significant influence**  
Interchand Jain (HUF)  
Puja Impex Private Limited

**Related party transactions**

S.No	Nature of transactions with related parties	Associates		Key Management Personnel		Enterprises over which key management personnel is able to exercise significant influence	
		31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
1	Advance against expenses	51.48	-	-	-	-	-
2	Loans and Advances given / Repaid	577.24	248.12	-	4.60	122.01	353.00
3	Loans and Advances Received	307.12	(113.06)	-	-	122.01	353.00
4	Purchase of Shares/ Paid	-	-	-	-	-	-
5	Sale of Shares / Received	577.24	-	-	-	-	-
6	Investment in Shares	25.06	-	-	-	-	-
7	Deposit given	-	-	-	-	-	-
8	Remuneration	-	-	-	3.00	-	-
9	Issue of Warrants / Equity Shares	-	-	-	-	30.00	5.12
1	Net Receivables	200.44	-	-	-	-	-
2	Net Payables	206.63	800.63	-	-	1.77	-

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

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

**For BATLIBOI & PUROHIT**  
Chartered Accountants.

**R D HANGEKAR**  
Partner  
Membership No.30615  
Mumbai  
Dated : 27th June 2009

**RAJNESH JAIN**  
Director  
Place : Mumbai  
Dated : 27th June 2009

**GIRISH JAIN**  
Director

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# KJMC FINANCIAL SERVICES LIMITED

Regd. Office : 168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021.

## ATTENDANCE SLIP

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

I/We hereby record my/our presence at the Twentyfirst Annual General Meeting of the Company at S.K. Somani Memorial Hall, Hindi Vidya Bhawan, 79, Marine Drive, F Road, Mumbai – 400 020 at 3.30 p.m on Saturday, 26th September, 2009

Name of the Member attending (in Block Letters)

Signature

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

Signature

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

Membership Folio No. \_\_\_\_\_

DP.ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Client Id \* \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

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# KJMC FINANCIAL SERVICES LIMITED

Regd. Office : 168, Atlanta, 16<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021.

## PROXY FORM

I/We, \_\_\_\_\_ of

being a Member(s) of the above named

Company hereby appoint Shri/Smt \_\_\_\_\_ of

or failing him

Shri/Smt \_\_\_\_\_ of \_\_\_\_\_ as my/

our proxy to vote for me/us and on my/our behalf at the Twentyfirst Annual General Meeting of the Company at S.K. Somani Memorial Hall, Hindi Vidya Bhawan, 79, Marine Drive, F Road, Mumbai – 400 020 at 3.30 p.m on Saturday, 26th September, 2009 and any adjournment thereof.

Membership Folio No. \_\_\_\_\_

DP.ID\* \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Client Id \* \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Affix  
Re. 1/-  
Revenue  
Stamp

— **BOOK - POST**

*If undelivered, please return to :*

KJMC



**KJMC Financial Services Limited**

**Registered Office :**

168, Atlanta, 16<sup>th</sup> Floor,

Nariman Point, Mumbai – 400 021.