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# J.M. Share & Stock Brokers Limited

TWELFTH ANNUAL REPORT 1996-97

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## BOARD OF DIRECTORS

Mr. Nimesh N. Kampani — Chairman & Managing Director

Mr. M. C. Bhatt

Mr. Arunkumar R. Gandhi

Mr. Asit Chandmal

Mr. Rustom Jehangir

Mr. M. R. Mondkar (w.e.f. 21-11-1996)

## COMPANY SECRETARY

Mr. P. K. Choksi

## REGISTERED OFFICE

141, Maker Chambers - III,  
Nariman Point, Mumbai-400 021.

## CORPORATE OFFICE

16, Bank Street,  
3rd Floor, NGN Vaidya Marg,  
Mumbai-400 023.

## BRANCHES

3rd Floor, Chinubhai Centre,  
Nehru Bridge, Ashram Road,  
Ahmedabad-380 009.

97/4, Residency Road,  
Bangalore-560 025.

10th Floor,  
Shantiniketan Building,  
13/8, Camac Street, Calcutta-700 017.

No. 15 Bhavanam Estate,  
Kanthi Sikhara Apts. Road,  
Somajiguda, Hyderabad-500 482.

2/3/4 Kamanwala Chambers,  
Sir P. M. Road,  
Mumbai-400 001.

Ground Floor,  
Vijaya Building,  
17 Barakhamba Road,  
New Delhi-110 001

11/12, Mantri Heights,  
Shaniwar Peth, Pune-411 030.

## BANKERS

Indian Bank  
Ground Floor,  
Mittal Tower,  
Nariman Point,  
Mumbai-400 021.

Corporation Bank  
Veena Chambers,  
Dalal Street, Fort,  
Mumbai-400 001.

CitiBank  
Bombay Mutual Building,  
D. N. Road, Fort,  
Mumbai-400 001.

## AUDITORS

Khimji Kunverji & Co.  
Chartered Accountants  
Mumbai

## SOLICITORS

Crawford Bayley & Co.  
Mumbai

## REGISTRARS AND TRANSFER AGENTS

PCS Industries Ltd.  
Hyfa Building No. 2,  
Near Johnson & Johnson,  
Safed Pool,  
Kurla-Andheri Road,  
Mumbai-400 072.



## J.M. Share & Stock Brokers Ltd.

### NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWELFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF J M SHARE & STOCK BROKERS LIMITED WILL BE HELD ON WEDNESDAY, AUGUST 27, 1997 AT 3.30 P.M. AT M C GHIA HALL, BHOGILAL HARGOVINDAS BUILDING, 18/20, KAIKHUSHRU DUBASH MARG, MUMBAI 400 001 TO TRANSACT THE FOLLOWING BUSINESS:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 1997, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. M C Bhatt, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Arunkumar R Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and authorise the Board of Directors to fix their remuneration.

### **SPECIAL BUSINESS**

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

**"RESOLVED THAT** Mr. M R Mondkar be and is hereby appointed a Director of the Company liable to retire by rotation."

### **NOTES:**

1. 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 OF THE COMPANY. The proxies in order to be valid must be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

2. The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under item no. 5 of the Notice is annexed hereto.
3. The Register of Members and share transfer books of the Company will remain closed from Monday, August 18, 1997 to Wednesday, August 27, 1997, both days inclusive.
4. Members are hereby informed pursuant to rule 4A of 'The Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978' that an amount of dividend of Rs. 84,780/- remaining unclaimed for the year 1992-93 has been transferred to the General Revenue Account of the Central Government on October 18, 1996. Members who have not claimed their dividend for the said year are requested to claim the amount thereof from the Registrar of Companies, Maharashtra.
5. The documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during the Office hours on all working days except public holidays between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
6. Any correspondence concerning the shares/debentures of the Company may be addressed to the Company's Registrars & Transfer Agents, namely, PCS Industries Ltd., at the address indicated earlier.
7. Members while corresponding with the Company's Registrars & Transfer Agents are requested to quote their respective folio no.(s) and also promptly notify the change of address, if any.

By Order of the Board

**P K Choksi**

*Vice-President (Legal)  
& Company Secretary*

Date : June 23, 1997.

**Registered Office:**

141, Maker Chambers - III  
Nariman Point  
Mumbai - 400 021.

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## ANNEXURE TO THE NOTICE

### **Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.**

#### **In respect of item no. 5**

Mr. M R Mondkar was appointed as an Additional Director of the Company on November 21, 1996. In accordance with the provisions of section 260 of the Companies Act, 1956 read with Article 117 of the Articles of Association of the Company, he holds office upto the date of the ensuing Annual General Meeting. Pursuant to section 257 of the Companies Act, 1956, the Company has received a notice in writing alongwith a deposit of Rs. 500/- from one of its members signifying his intention to propose the candidature of Mr. Mondkar for the office of a Director of the Company.

Your Directors feel that it would be in the interest of the Company to have Mr. Mondkar on the Board of the Company and accordingly recommend passing of the resolution at item no. 5 of the accompanying Notice.

Except Mr. Mondkar, no other Director is concerned or interested in this resolution.

By Order of the Board  
**P K Choksi**  
*Vice-President (Legal)  
& Company Secretary*

Date : June 23, 1997.

**Registered Office:**  
141, Maker Chambers - III  
Nariman Point  
Mumbai - 400 021.





## J.M. Share & Stock Brokers Ltd.

### DIRECTORS' REPORT

#### TO THE MEMBERS

Your Directors are pleased to present the Twelfth Annual Report on business and operations of the Company together with the Audited Accounts for the year ended March 31, 1997.

#### FINANCIAL RESULTS

	For the year ended	
	March 31, 1997 (Rs. in lacs)	March 31, 1996 (Rs. in lacs)
Gross Income	4767.51	2907.25
Profit before Interest and Depreciation	369.28	824.76
Interest	464.73	523.94
Gross Profit/(Loss) after interest but before Depreciation & Tax	(95.45)	300.82
Depreciation	96.52	149.24
<b>Profit/(Loss) before tax</b>	<b>(191.97)</b>	151.58
Provision for taxation	Nil	Nil
<b>Profit/(Loss) after tax</b>	<b>(191.97)</b>	151.58
Add: Surplus brought forward from the previous year	39.69	253.93
Transfer from General Reserve	151.03	Nil
Excess provision for taxation of earlier year	1.25	Nil
Less: Short provision for dividend of earlier year	Nil	0.06
Profit available for Appropriation	Nil	405.45
<b>APPROPRIATIONS</b>		
Proposed Dividend	Nil	120.76
Debenture Redemption Reserve	Nil	240.00
General Reserve	Nil	5.00
Balance carried to Balance Sheet	Nil	39.69
	Nil	405.45

#### DIVIDEND

Your Directors have not recommended any dividend for the year under review (previous year - 12% ) in view of the loss incurred by the Company.

#### THE YEAR IN RETROSPECT

Financial year 1996-97 continued to be a difficult year as equity markets were subdued and the major emphasis was on the debt market. The market size having shrunk, the players in order to grab the larger market share resorted to higher payout of brokerage and incentives. Your Company being one of the intermediaries in mobilising the funds, had to follow the market practice to maintain its market share. This resulted in a substantial increase in the sub-brokerage payment and has been largely responsible for the squeeze in the margins leading to lower operational profit of your Company during the year under review.

Despite the above, the activities of your Company increased manifold during the year 1996-97, as a result of which it saw its Gross Income rising from 2,907 lacs to Rs. 4,767 lacs representing a growth of 64% over the corresponding period of the previous year. Similarly, your Company mobilised Fixed Deposits of Rs. 629 crore during 1996-97, which is more than double the amount of Rs. 309 crore mobilised by the Company in the previous financial year. During the year under review, your Company's operating profit was lower at Rs. 369.28 lacs as against Rs. 824.76 lacs in the previous year. Your Company, however, has incurred a Gross Loss of Rs. 95.45 lacs as against the Gross Profit of Rs. 300.82 lacs in the previous year. After providing Rs. 96.52 lacs (Previous year Rs. 149.24 lacs) for depreciation, the Net Loss of your Company amounted to Rs. 191.97 lacs as against the Net Profit of Rs. 151.58 lacs made by it in the corresponding previous year.

Though the Gross Income of your Company at Rs. 4,757 lacs far exceeded the projected figure of Rs. 3,822 lacs shown in the Letter of Offer (LOF) dated May 31, 1994, it could not achieve its profitability projections given in the LOF mainly due to the shift in the source of income and radical change in the capital market scenario. Besides this, several other factors such as lowering of brokerage spread, sluggish capital market conditions, loss on sale of investments, increase in fixed

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overheads, etc. were also responsible for your Company's inability to post the profit during the year.

The competitive business environment and the substantial reduction in the business volumes, both in the primary as well as secondary markets made the going tough, throughout the 1996-97, for the companies engaged in the broking business.

## FIXED DEPOSITS

Your Company has neither accepted nor renewed any deposits from the shareholders or public during the year under review.

## DEPOSITORY PARTICIPANT

You will be happy to note that the National Securities Depository Ltd. (NSDL) has given its 'in-principle' approval admitting your Company as a Depository Participant (DP). The Company has already initiated steps to be a full-fledged DP and it hopes to become fully operational as a DP in due course of time to facilitate the trading in the Depository segment.

## BRANCHES

Your Company has recently opened two branches at Calcutta and Hyderabad. With this, the number of branches across the country have increased to six. In addition to this, it has plans to open few more branches in the country in a phased manner to increase its reach to the investors. These branches would be fully computerised and would cater to both, the wholesale as well as retail customers.

## DIRECTORS

In accordance with Article 130 of the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. M C Bhatt and Mr. Arunkumar R Gandhi, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Mr. M R Mondkar was appointed as an additional Director of the Company by the Board of Directors at its meeting held on November 21, 1996. Mr. Mondkar holds the office of Director upto the date of the ensuing Annual General Meeting. A notice has been received pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Mondkar as a Director of the Company and a resolution recommending his appointment as a Director liable to retire by rotation is included in the Notice convening the Twelfth Annual General Meeting.

## PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

Additional information on conservation of energy, technology absorption as required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable as the Company is a Non-Manufacturing Company. During the year under review, your Company has earned foreign exchange of US \$ 34,000 equivalent to Rs. 11,99,100/- and has spent UK £ 2,500 equivalent to Rs. 1,42,794/-.

## AUDITORS

The Auditors, M/s. Khimji Kunverji & Co., Chartered Accountants, retire and are eligible for reappointment for the current financial year 1997-98.

## PARTICULARS OF EMPLOYEES

The information required pursuant to provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, in respect of certain employee(s) of the Company and forming part of this report is annexed.

## ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their deep sense of appreciation to the employees of the Company for their wholehearted support and contribution despite the difficult conditions having prevailed throughout the year. The Directors also takes this opportunity to express their gratitude to SEBI, Stock Exchanges, Financial Institutions, Foreign Institutional Investors, Reserve Bank of India, Banks, Mutual Funds, shareholders and debentureholders for their unstinted cooperation and support.

On behalf of the Board of Directors

**NIMESH N KAMPANI**  
Chairman & Managing Director

Date : June 23, 1997

**Registered Office:**

141, Maker Chambers-III  
Nariman Point  
Mumbai 400 021.



# J.M. Share & Stock Brokers Ltd.

## ANNEXURE TO THE DIRECTORS' REPORT

**Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 and forming part of the Directors' Report for the financial year ended March 31, 1997.**

Name of the Employee and age	Designation	Remuneration Gross (Rs.)	Net (Rs.)	Qualifications	Expe- rience (years)	Date of Commen- cement of employment	Last Employment held	Designation
<b>A.R. Bhatia</b> (32)	Vice President (Debt Group)	4,11,720	2,83,810	B.Com.	10	01.04.1996	J. M. Financial & Investment Consultancy Services Ltd.	Manager (Merchant Banking)
<b>A.S. Mavinkurve</b> (38)	Vice President (Sales & Syndication)	4,75,261	3,08,961	B.Com., ACS, ICWA, DSM	16	01.04.1996	J.M. Financial & Investment Consultancy Services Ltd.	Asst. General Manager (Merchant Banking)
<b>B.R. Agarwal</b> (31)	Vice President (Equities-Sales)	4,07,640	2,72,495	B.Com., ACA	9	01.04.1996	J.M. Financial & Investment Consultancy Services Ltd.	Manager (Merchant Banking)
<b>H.M. Kotak</b> (36)	Vice President (Finance & Accounts)	4,82,100	3,20,200	B.Com. FCA, A.I.C.W.A.	14	16.04.1992	The Tata Oil Mills Co. Ltd.	Accounts Executive (Works)
<b>K.A. Kumthekar</b> (30)	Chief Executive Officer	8,31,000	5,00,936	B.E. (Mech.) M.D.B.A.	8	01.04.1996	J.M. Financial & Investment Consultancy Services Ltd.	General Manager (Merchant Banking)
<b>P.K. Choksi</b> (41)	Vice President (Legal) & Company Secretary	4,60,650	3,10,062	B.Com., LLB A.C.S.	18	01.07.1993	HDFC Ltd.	Assistant Company Secretary
<b>S.K. Goel</b> (47)	Vice President (Fixed Deposit)	4,66,900	3,06,620	B.Com., F.C.A.	23	08.11.1991	Saurashtra Cements Chemical India Ltd.	General Manager (Finance)
<b>S.J. Shah</b> (46)	Vice President Head-Ahmedabad Branch	3,47,010	2,36,586	B.Com., F.C.A.	19	01.04.1991	J.M. Financial & Investment Consultancy Services Ltd.	General Manager
<b>V.M. Kamat</b> (36)	Chief Operating Officer	5,73,280	3,54,990	B.Com., ACA	14	01.04.1996	J.M. Financial & Investment Consultancy Services Ltd.	General Manager (Merchant Banking)

### Notes:

- (1) Remuneration includes Basic Salary, HRA, Bonus, Contribution to PF, Commission and Monetary Value of Perquisites.
- (2) Net Remuneration is arrived at after deducting Employees' Contribution to Provident Fund and Tax Deducted at Source.
- (3) None of the Employees mentioned above is a relative of any Director of the Company.

On behalf of the Board of Directors

Mumbai  
June 23, 1997.

**NIMESH N KAMPANI**  
Chairman & Managing Director



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## AUDITORS' REPORT

The Members,

### J.M. SHARE AND STOCK BROKERS LIMITED

We have examined the attached Balance Sheet and the Profit and Loss Account annexed thereto of the aforesaid Company and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, in our opinion, and on the basis of such checks of the books and records as we considered appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.

2. Further to our comments in the Annexure referred to in paragraph (1) above:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- i) in the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1997.

and

- ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For and on behalf of  
KHIMJI KUNVERJI & CO.  
Chartered Accountants

SHIVJI K VIKAMSEY  
Partner

Mumbai

Dated: June 23, 1997

## ANNEXURE TO OUR REPORT OF EVEN DATE FOR THE YEAR ENDED 31ST MARCH, 1997.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such physical verification were not material and have been properly dealt with in the books of account.
2. None of the fixed assets have been revalued during the year.
3. The stock of securities have been physically verified by the management at reasonable intervals. Securities with third parties have been verified by the management with reference to the confirmations received from them.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.



## J.M. Share & Stock Brokers Ltd.

5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. On the basis of our examination of stock records, the valuation of stock of securities is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The rate of interest and other terms and conditions of the loans, secured or unsecured, taken from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the company. We have been informed that there are no companies covered under Section 370(1-B) of the Companies Act, 1956.
8. The rate of interest and the terms and conditions of unsecured loans granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie, not prejudicial to the interest of the Company. We have been informed that there are no companies under the same management as defined under Section 370 (1-B) of the Companies Act, 1956.
9. In respect of loans and advances in the nature of loans given by the company, parties are repaying the principal amounts as stipulated and except for few cases are regular in paying interest.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of other assets and sale of securities.
11. The transactions of purchase of goods and sale of goods and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices which are reasonable, having regard to prevailing market prices for which such goods and services or the prices at which transactions for similar goods or services have been made with other parties.
12. The company has not accepted any deposits from the public.
13. In our opinion, the internal audit system of the Company needs to be strengthened to make it commensurate with the size and nature of its business.
14. According to the records of the Company, the Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
15. According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income-tax and Wealth-tax outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
16. According to the information and explanations given to us and records examined by us, no personal expenses have been charged to revenue accounts other than those payable under contractual obligations or in accordance with generally accepted business practice.
17. The service activities of the company do not involve utilisation of materials and stores hence the question of having reasonable system of recording receipts, issues and consumption of the same and allocating materials consumed to the relative jobs does not arise.
18. Considering the nature of service activities, the company does not deem it necessary to allocate the man hours utilised to the relative jobs.