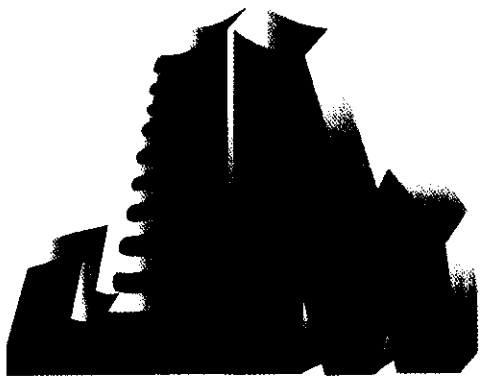
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M. Share & Stock Brokers Limited



JSB

Fourteenth Annual *1998 - 99*

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14th Annual Report 1998-99

BOARD OF DIRECTORS

Mr. Nimesh N. Kampani — Chairman

Mr. M. C. Bhatt

Mr. Arunkumar R. Gandhi

Mr. Asit Chandmal

Mr. Rustom Jehangir (upto March 31, 1999)

Mr. M. R. Mondkar

Mr. Ashith N. Kampani

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

Khatau Building, Ground Floor,
46, Bank Street, Fort,
Mumbai-400 001.

BRANCHES (upto March 31, 1999)

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.

Rayala Towers,
Anna Salai,
Chennai-600 002.

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

AUDITORS

M/s. Khimji Kunverji & Co.
Chartered Accountants
Mumbai

SOLICITORS

M/s. Udwadia, Udeshi & Berjis (Regd.)
Mumbai

REGISTRARS AND TRANSFER AGENTS

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

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J.M. Share & Stock Brokers Ltd.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. M. SHARE & STOCK BROKERS LIMITED WILL BE HELD ON FRIDAY, AUGUST 6, 1999 AT 3.30 P.M. AT KAMALNAYAN BAJAJ HALL & ART GALLERY, BAJAJ BHAVAN, GROUND FLOOR, NARIMAN POINT, MUMBAI 400 021 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 1999, the Balance Sheet as at that date and the reports of 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 reappointment.
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 of the Company and fix their remuneration.

By Order of the Board

Nimesh N Kampani
Chairman

Date : May 26, 1999.

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

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 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.

b. The Register of Members and Share Transfer books of the Company will remain closed from Monday, August 2, 1999 to Friday, August 6, 1999 (both days inclusive).

c. Any correspondence relating to shares or debentures shall be addressed to the Company's Registrars & Transfer Agents, viz., PCS Industries Ltd., at address given on page No. 1 of this Annual Report.

d. Members while corresponding with the Company or its Registrars & Transfer Agents are requested to quote their respective folio no. in all their correspondence and are also requested to promptly notify the change of address, if any.

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Fourteenth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended March 31, 1999.

FINANCIAL RESULTS

	For the year ended March 31, 1999 (Rs. in lacs)	March 31, 1998 (Rs. in lacs)
Gross Income before Extraordinary Items	**2667.32**	2744.77
Profit/(Loss) before Interest, Depreciation, Tax & Extraordinary Items	**(492.69)**	237.10
Interest	**463.69**	451.44
Gross Profit/(Loss) after Interest but before Depreciation, Tax & Extraordinary Items	**(956.38)**	(214.34)
Depreciation	**67.35**	52.37
Profit/(Loss) before Extraordinary Items & Tax	**(1023.73)**	(266.71)
Extraordinary Items:		
a) Goodwill on Sale of businesses	**1235.00**	—
b) Write back of /(Provision) for diminution in the value of investments	**138.17**	(650.07)
Profit/(Loss) before Tax	**349.44**	(916.78)
Provision for Tax	**25.00**	Nil
Profit/(Loss) after Tax	**324.44**	(916.78)
Transfer from General Reserve	**—**	3.98
Balance Loss brought forward from previous year	**(912.80)**	—
Balance (Loss) carried forward	**(588.36)**	(912.80)

The year 1998-99 was the year of mixed fortunes for your Company. The Gross Income of your Company was slightly lower at Rs. 2667.32 lacs as against Rs. 2744.77 lacs earned in the previous year. However, after considering the Extraordinary item of sale of businesses (goodwill), the Gross Income of your Company for the year under review amounted to Rs. 3902.32 lacs.

The total expenditure of Rs. 3160.02 lacs includes an amount of Rs. 333.91 lacs towards loss on sale of investments and Rs. 68.16 lacs towards provision for advances and debts. The expenditure from operations, after excluding the above items, works out to Rs. 2757.95 lacs as against Rs. 2507.67 lacs reported in the previous year. The increase in expenditure over the previous year is attributed to higher sub-brokerage and incentives. The competitive market environment compelled your Company to pay higher sub-brokerage to retain the market share.

However, after considering the extraordinary items, your Company has made a net profit of Rs. 349.44 lacs during the year as against a loss of Rs. 916.78 lacs incurred in the previous year. In view of the carried forward loss of the previous year, your directors have decided not to recommend any dividend for the current year.

SALE/TRANSFER OF BUSINESSES

The process of sale/transfer of your Company's Institutional Equity Sales & Trading business, Institutional Fixed Income Sales & Broking business and Retail Sales & Distribution business got completed on March 27, 1999. The Institutional Equity Sales & Trading business was transferred to the joint venture company, namely, JM Morgan Stanley Securities Limited for which your Company received a cash consideration of Rs. 235 lacs. Further, your Company received a sum of Rs. 1,000 lacs towards sale of its Institutional Fixed Income and Retail Sales & Distribution businesses. Along with the above businesses, your Company also sold its membership rights of The Stock Exchange, Mumbai (BSE) for Rs. 125 lacs. For sale of the membership rights of National Stock Exchange of India Ltd. (NSE), your Company realised a sum of Rs. 155 lacs being the cash deposits placed by your Company with NSE.

Against the sale of goodwill (businesses), your Company has received a total cash consideration of Rs. 1235 lacs whereas for sale of membership rights of the stock exchanges, it realised a total sum of Rs. 280 lacs.

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Upon the sale/transfer of the above businesses, your Company has stopped carrying on the said business activities with effect from March 27, 1999.

FUTURE ACTIVITIES

With the sale/transfer of the above businesses, your Company will remain as an Investment Company with its investments in shares and securities of other bodies corporate. It shall continue to carry on its investment business activities. The Board is also considering various options as regards other business activities of your Company in future and shall keep the members informed about its developments.

INVESTMENT IN THE JOINT VENTURE COMPANY

As was proposed at the Extraordinary General Meeting held on May 28, 1998, your Company made an investment aggregating Rs. 1267 lacs in JM Morgan Stanley Securities Limited to take up 49,00,000 equity shares representing 49% equity stake. The process of allotment of shares got completed on April 1, 1999 and your Company now owns 49% of the equity capital of JM Morgan Stanley Securities Limited.

JM Morgan Stanley Securities Limited is conducting the business of Institutional Equity Sales & Trading, research and other related activities and has a large client base consisting of FIIs, FIs, Mutual Funds, Banks, etc.

PREPAYMENT OF 16% DEBENTURES

In view of the sale of businesses, your Board decided to make an early redemption of 16% Debentures aggregating Rs. 2500 lacs before its scheduled maturity commencing from September 28, 2000. Your directors are pleased to report to you that the Company has repaid its 16% Debentures on April 1, 1999. The remaining instalments of 14% Debentures aggregating Rs. 120 lacs will get redeemed as per schedule, on July 1, 1999 and on July 1, 2000.

For making an early redemption of 16% Debentures as mentioned above, your Company had to partly resort to borrowings from the promoters, namely, J M Financial & Investment Consultancy Services Limited. Your Company intends to repay this debt on realisation of its debtors and investments.

With the completion of redemption schedule and repayment of other borrowings, the interest burden of your company will reduce substantially.

Y2K COMPLIANCE

With the sale/transfer of businesses by your Company, the usage of software and hardware by it has reduced considerably. However, every effort is being made by your Company to make all the software and hardware, which are in use, to be Y2K compliant by September 30, 1999.

Your Board is fully aware about the Y2K issues. Considering the gravity of problems, your Board will continue to focus on ensuring that the software and hardware systems remain Y2K compliant throughout the remaining part of 1999 and also beyond that.

FIXED DEPOSITS

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

DIRECTORS

Mr. M C Bhatt and Mr. Arunkumar R Gandhi, directors of the Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Mr. Rustom Jehangir resigned as a director of the Company during the year under review. The Board of Directors accepted with regret the resignation tendered by Mr. Jehangir and placed on record their appreciation for the valuable services rendered by him during his long tenure as a director of the Company.

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

Additional information on conservation of energy and technology absorption as required to be disclosed pursuant to 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 Rs. 4,20,587/- in Foreign Exchange. However, your Company has not spent any amount in foreign exchange.

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AUDITORS

The Auditors, M/s Khimji Kunverji & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment for the current financial year 1999-2000.

PARTICULARS OF EMPLOYEES

The information required under section 217(2A) of the Companies Act, 1956 read with the Rules framed thereunder is annexed and forms part of this report. In terms of section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the share department at the Registered Office of the Company.

The Company had 170 employees as on March 31, 1999 of whom 8 employees who were employed throughtout or part of the year, were in receipt of remuneration exceeding Rs. 6,00,000/- per annum or Rs. 50,000/- per month as the case may be.

ACKNOWLEDGEMENTS

Your Directors wishes to place on record their sincere gratitude for the co-operation and support received from SEBI, Stock Exchanges, Domestic Financial Institutions, Mutual Funds, Foreign Institutions and Banks. The directors would also like to express their sincere thanks and appreciation to the employees for their commitment and dedicated efforts.

On behalf of the Board of Directors

NIMESH N KAMPANI
Chairman

Date : May 26, 1999

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

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