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KJMC FINANCIAL SERVICES LIMITED

BOARD OF DIRECTORS

Mr. I. C. Jain (Chairman)
Mr. J. S. Bhatnagar
Mr. V. N. Dhoot
Mr. Akshay Jain
Mr. Girish Jain
Mr. R.R. Kumar
Mr. Sanjay Maloo
Vice Admiral Raviprakash Sahwney (Retd.)
Mr. Rajnesh Jain (w.e.f. 30th June, 2001)
Mr. Pankaj Jain (Alternate Director to Mr. Sanjay Maloo)

AUDITORS

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

ADVOCATES AND SOLICITORS

Malvi Ranchoddas & Co.
Yusuf Building, 3rd Floor,
Mahatma Gandhi Road,
Mumbai 400 023.

BANKERS

UTI Bank Ltd.
Union Bank of India
Citi Bank
ABN Amro Bank
United Commercial Bank
State Bank of India
Canara Bank
Standard Chartered Bank

REGISTERED OFFICE

168, Atlanta, 16th Floor,
Nariman Point,
Mumbai 400 021.

GROUP COMPANY OFFICES

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

JAIPUR
213, Laxmi Complex,
M. I. Road,
Jaipur 302 003.

SECUNDERABAD
96/A, 1st Floor,
Park Lane,
Secunderabad 500 003.

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REGISTRAR & TRANSFER AGENTS AND DEPOSITORY PARTICIPANTS

IIT Corporate Services Limited
Protoprima Chambers,
2nd Floor, Suren Road,
Andheri (East),
Mumbai - 400 093.
Tel No. : 8306790/91 & 8349976
Fax No. : 8215352
E-mail : iitcsl@bom3.vsnl.net.in
Counter Timings :
10.30 a.m. to 12.30 p.m.
1.30 p.m. to 3.30 p.m.

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NOTICE

Notice is hereby given that Thirteenth Annual General Meeting of the Members of KJMC Financial Services Limited will be held on Saturday, 29th September – 2001 at 4.00 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 31st March, 2001 and the Balance Sheet as at that date, and the Report of the Auditors thereon and the Directors' Report.
2. *To confirm interim dividend paid on Preference Share Capital.*
3. To appoint a Director in place of Mr. R. R. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V. N. Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
5. *To appoint Auditors and fix their remuneration.*

SPECIAL BUSINESS :-

6. **To consider, and if, thought fit, to pass with or without modicifications, the following Resolution as an Ordinary Resolution:**

   "RESOLVED THAT *Shri I. C. Jain, who was appointed as a Director of the* Company on 30th June 2000 under Article 130 of the Articles of Association of the Company and Section 262(1) of the Companies Act, 1956 to fill the casual vacancy caused by his resignation on 2nd February 2000 and who vacates office at this meeting under Section 262 (2) of the Companies Act, *1956 but who is eligible for re-appointment by rotation and further, in respect* of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company.

7. **To consider, and if, thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :**

   "RESOLVED THAT Pursuant to Section 260 of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Shri Rajnesh Jain, who was appointed as an Additional Director in the meeting of Board of Directors of the Company held on 30th June 2001 and holds Office as such upto the date of Thirteenth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 have been received from a Member signifying his intention to propose Shri Rajnesh Jain as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

8. **To consider, and if, thought fit, to pass with or without modifications, the following Resolution as a Special Resolution :**

   "RESOLVED THAT in continuation of the resolution passed at the Annual General Meeting held on 25th September 1997 and subject to the provisions *of the Companies Act, 1956 (including any statutory modifications or re-*enactments thereof for the time being in force), securities contracts (Regulation) Act, 1956, and the Rules thereunder, Listing Agreements, and any other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject *to such conditions and modifications as may be prescribed or imposed by* any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'The Board'), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from any *or all of the Stock Exchanges at Ahmedabad, Bhubaneswar, Kolkatta, Delhi* and Jaipur except the Regional Stock Exchange, Mumbai.

   "RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board be and is hereby authorised to do all acts, matters, deeds and things and to take all steps and do all things and give such directions as may be necessary expedient, incidental, ancillary or desirable and also to settle any questions or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary thereto in this connection.

9. **To consider, and if, thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:**

   "RESOLVED THAT approval of members of the Company, be and is hereby accorded to extend the period of redemption of 1,00,000 (Nos. of Shares) 13% Cumulative Preference Shares of Rs. 100/- each, issued in the name of Videocon Petroleum Limited (hearing after referred to as "the Subscriber"), for the period of two years, on the existing terms and conditions with a put option for the subscriber to exercise for redemption of 50% of the Preference Shares at the end of first year of extension and the balance 50% of redemption of the Preference Shares at the end of Second Year.

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 should be deposited at the Registered Office of the Company not less than 48 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) An Explanatory Statement pursuant to Section 173 of The Companies Act, 1956 in respect of business under Item Nos. 6 to 9 set out above, is annexed hereto.

D) The Register of Members and Share Transfer Books of the Company will be closed from 11th September - 2001 to 29th September - 2001 both days inclusive, for the purpose of Annual General Meeting.

E) *The Company has already transferred, all unclaimed Dividend declared* upto the Financial Year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978, those shareholders who have so far not *claimed or collected their dividend upto the aforesaid financial year may* claim their dividend from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, 'A' Wing, CBD Belapur, Navi Mumbai – 400614, Tel. No. 7576802.

F) Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial Year 31st March 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far the Financial Year ended 31st March 1996 or any subsequent financial years are requested to make their claim to the office of the Registrar and Transfer Agents, viz. IIT Corporate Services Limited, Regd. Office at Raja Bahadur Mansion, 2nd Floor, Bombay Samachar Marg, Mumbai – 400001 and Admn. Office at Protoprima Chambers, 2nd Floor, Suren Road, Andheri (East), Mumbai – 400093. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

Members who have not encashed their dividend warrants for the financial year ended 31st March 1996 onwards are requested to write to the Company immediately on receipt of this notice for obtaining duplicate dividend warrants in place of outdated old dividend warrants lying with them, if any.

G) Members are requested to :
   - i) To bring their copy of Annual Report to the meeting.
   - ii) Quote their Folio No. in all correspondence with the Company.
   - iii) Notify immediately to the Company 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.

H) The Company (Amendment) Act 1999 has introduced nomination facility for shareholders. Those shareholders who are interested in making nomination are requested to file with the Registrar & Transfer Agent of the Company, the prescribed Form 2B which has been attached herewith.

I) Any members requiring further information on accounts at the meeting are requested to send queries in writing before 12th September - 2001, so that information required may be made readily available at the meeting.

By Order of the Board of Directors
for **KJMC FINANCIAL SERVICES LTD.**

PLACE : MUMBAI
DATE : 30TH JUNE 2001

GIRISH JAIN
DIRECTOR

ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

The following Explanatory Statement sets out material facts relating to Item Nos. 6 to 9 of the accompanying Notice dated 30th June 2001 set out hereinabove are as under :-

ITEM NO. 6

Mr. I. C. Jain, who resigned from his Directorship in the Company on 2nd February 2000. *He was re-appointed as a Director with effect from 30th June 2000 to fill* the casual vacancy caused by his resignation. He is a Chartered Accountant having standing of three decades and Senior Partner of Khandelwal Jain & Company. He is the Chairman of the Company along with some other KJMC Group Companies. Mr. I. C. Jain is a Member of Audit Committee of the Company.

As required under Section 257 of the Companies Act 1956, the Company has received a Notice from a Member signifying his intention to propose his name as a candidate for the Office of the Director. The Company has also received deposit of Rs. 500/- as required under the said act.

The Board of Directors recommended his appointment as a Director of the Company. None of the Directors other than Mr. Akshay Jain, Mr. Rajnesh Jain, Mr. Pankaj Jain, Mr. Girish Jain and himself are concerned or interested in the said resolution.

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ITEM NO. 7

Mr. Rajnesh Jain was appointed as an Additional Director with effect from 30th June 2001. Mr. Rajnesh Jain was an Alternate Director in place of Mr. Sunil Gandhi whose resignation was accepted by the Board on 30th June 2001. On resignation of Mr. Sunil Gandhi as a Director, Mr. Rajnesh Jain ceased to be Alternate Director and the Board desires him to be continued as a Director on the Board and hence was appointed as an Additional Director of the Company.

Mr. Rajnesh Jain, is a Chartered Accountant by profession for last 10 years.

As required under Section 257 of the Companies Act 1956, the Company has received a notice from a member signifying intention to propose his name as a candidate for the office of the Director. The Company has also received deposit of Rs. 500/- as required under the said act.

The Board of Directors recommended his appointment as a Director of the Company. None of the Directors other than Mr. I. C. Jain, Mr. Akshay Jain, Mr. Pankaj Jain, Mr. Girish Jain and himself are concerned or interested in the said resolution.

ITEM NO. 8

The Equity Shares of the Company at the time of Public Issue in 1995 were listed on Mumbai amongst along with other Stock Exchanges in Ahmedabad, Bhubaneswar, Kolkatta, Delhi and Jaipur also. It has been observed that the Equity Shares of the Company are hardly being traded in any material way regularly on the above mentioned Exchanges except the Stock Exchange, Mumbai.

With the extensive networking of the Stock Exchange, Mumbai (BSE) and the extension of the BSE terminus to other cities as well, investors have access to online dealings in the Company's securities across the country and the bulk of the trading in the Company's securities in any case taken places on BSE.

It is also observed that the listing fees paid to the other Stock Exchanges are disproportionately higher, and as stated above, the trading volumes and liquidity are negligible compared to the BSE . Also as a part of its cost reduction measures, the Company has proposed this resolution, which will enable it to delist its Equity Shares from all or any of the above mentioned Stock Exchanges, except the Stock Exchange, Mumbai.

Inline with the SEBI regulations and approval, if any required, approval is being sought by a Special Resolution for enabling voluntarily delisting of its shares from the abovesaid Exchanges. The Company will also separately give Special Notice of the proposed delisting enabling resolution for the said delisting in one National Newspaper on all India basis. The exact date on which delisting will take effect will be suitably notified at that time.

The Company has already passed such resolution in the Ninth Annual General Meeting. However, as no actions could to be taken place since then, as a matter of abandon caution, the above resolution is again recommended for shareholder's approval.

Your Directors recommend the Special Resolution for approvals of Members.

None of the Directors of the Company are in any way concerned or interested in the resolution.

ITEM NO. 9

The Company and the Preference Shareholder viz. Videocon Petroleum Limited have mutually agreed to extend the period of redemption of 1,00,000 (No. of Shares) 13 % Cumulative Preference Shares of Rs. 100/- each which were due for redemption on 6th October 2000, for the further period of two years, on existing present terms and conditions with a put option for subscriber to exercise for redemption of 50 % of the Preference Shares at the end of First Year of extension and the balance 50 % of redemption of Preference Shares at the end of Second Year. The approval of Shareholders is required for the same by passing the Special Resolution.

The Board of Directors recommend above said resolution for acceptance by the Members.

None of the Directors of the Company are in any way concerned or interested in the resolution.

By Order of the Board of Directors
for KJMC FINANCIAL SERVICES LTD.

PLACE: MUMBAI
DATE : 30th June, 2001

GIRISH JAIN
DIRECTOR

DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the 13th Annual Report of the Company and the Audited Statements of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

	Year ended 31.03.2001 (Rs. in lakhs)	Year ended 31.03.2000 (Rs. in lakhs)
Total Income	**727.63**	705.23
Total Expenditure	**669.96**	473.84
Profit Before Depreciation and Tax	**57.67**	231.39
Less : Depreciation	**273.30**	339.64
Provision for Tax	**—**	15.00
Profit / (Loss) After Tax	**(215.63)**	(123.25)
Add : Prior period item (net)	**(2.02)**	(1.44)
Add : Transfer from General Reserve	**100.00**	—
Add : Balance in Profit and Loss Account brought forward from the previous year	**182.93**	391.90
DISPOSABLE PROFITS	**65.28**	267.21
Appropriations towards Interim Dividend on Cumulative Redeemable Preference Shares.	**39.35**	50.80
That the Directors recommend for appropriation as under :		
Proposed Dividend on Equity Shares	**—**	21.86
2% Redeemable Non-Cumulative Preference Shares	**—**	1.00
Tax on Preference Dividend	**8.61**	5.81
Tax on Equity Dividend	**—**	4.81
Balance carried to Balance Sheet	**17.32**	182.93
	65.28	267.21

PERFORMANCE REVIEW

During the year under review, revenue account shows a loss of Rs. 217.65 Lacs mainly on account of set off of loss of Rs. 37.18 Lacs on sale of investments and write off of Rs. 267.58 Lacs as irrecoverables. This is a transitory and cleansing phase after a prolonged recessionary economic cycle affecting the quality of assets. All these adversities being now behind, KJMC looks forward with optimism for a reasonably good working results.

DIVIDEND

As the Company has recorded losses, the Board has not recommended any dividend on equity shares for the year under review.
The Directors also propose confirmation by the Members the interim payments of dividend Rs. 39.35 Lacs to the holders of Redeemable Cumulative Preference Shares as final. These payments alongwith tax thereon have absorbed Rs. 47.96 Lacs.

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 or in any other aspects.

BUSINESS PROSPECTS :-

The estimated GDP growth rate was lower compared to that of previous year. Annual average inflation rate in 2000-01 measured by variation in the wholesale Price Index (WPI) was higher at 6.6% compare to 3.3 % in the previous year, mainly due to increase in fuel prices which escalated by 28.4 % from 9% in 1999-2000. Excluding fuel prices, the core inflation in the economy was low at 2.6 %. The subdued prices of the manufacture items reflected deficient demand conditions prevailing in the commodities sector resulting low margins. As the demand for financial services is a derived demand, developments in industrial sector exert a significant influence on the business of financial sector.

Your Company strives to continually understand the implication to its business of the various changes, as also the impact of altered economic policies and

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international developments.

Your Company has decided to divert its activities by spreading its wings and widening its business horizon and hence it has proposed to enter into doing business of marketing of various products of ICICI such as personal loans and credit cards to cover the professionals and CEO's of various corporates through one of its wholly owned subsidiary viz. KJMC CREDIT RATING SERVICES LIMITED.

Your Company is also interested in giving services of preparation of project reports for various infrastructure projects. The present thrust of economy on infrastructure activities which is an opening up area will be an advantage to the Company.

Your Company will also thrust on providing various financial products to the corporate such as preparation of audio visual and presentation for placement of Equity and Bonds etc.

Your Company is also making concerted efforts to have a line of funds for fund based activities as may be approved by the likely Joint Venture Partners.

Your Company wish to make significant progress in the coming years.

DELISTING OF SHARES :-

The Equity Shares of the Company at the time of Public Issue in the year 1995 were listed on the Regional Stock Exchange Mumbai, along with Ahmedabad, Bhubaneswar, Kolkata, Delhi and Jaipur. As the trading of the Shares on these Stock Exchanges viz. Ahmedabad, Bhubaneswar, Kolkata, Delhi and Jaipur are hardly seen and the listing fees paid on these Stock Exchanges are disproportionately higher compared to trading volume and negligible liquidity. Further, with extensive networking of BSE, the investors have access to online dealings in the Company's securities across the country. In view of the above, your Director proposes to delist its shares on all or any of the Stock Exchanges from Ahmedabad, Bhubaneswar, Kolkata, Delhi and Jaipur, depending on the situation at the time of delisting of shares.

CORPORATE GOVERNANCE :-

Detailed procedure for corporate governance laid down through amendment in Listing Agreement with Stock Exchange is applicable by March 2002. Nonetheless, the Company has set adequate steps store by good corporate governance by adopting such policies and procedures as are necessary or expedient with adequate transparency for effective control and enhancement of stakeholders' value. The Board, comprising totally Non-Executive Directors and Independent Directors positioned itself as the center of corporate governance and keeps a constant track on the need for introducing further concepts and practices relevant to the changing business scenario. The Board in their meeting held on 25th January 2001 has constituted an Audit Committee as per the provision of Section 292A of the Companies Act 1956, and Clause 49 of the Listing Agreement :-

Mr. I. C. Jain	–	Non Executive Director
Mr. J. S. Bhatnagar	–	Independent Director and Chairman
Mr. R. R. Kumar	–	Independent Director

CONTRIBUTIONS / DONATIONS

During the year under review, Rs. 5,25,820/- were paid as donations as in cash and in kind.

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 earning in Foreign Exchange nor was there any outflow.

FIXED DEPOSITS :

The Company has not accepted any deposits during the year.

DIRECTORS

Mr. I. C. Jain, Mr. R. R. Kumar and Mr. V. N. Dhoot retire by rotation and being eligible offer themselves for reappointment.

During the year under review Mr. S. J. Taparia resigned from the Board and his resignation was accepted by the Board on 30th October 2000.

Mr. Sunil Gandhi and Mr. Rajendra Somani resigned from the Board, their resignation were accepted by the Board on 30th June 2001.

The Board of Directors record their appreciation of the valuable services rendered by these Directors.

Mr. Rajnesh Jain, who was appointed as an Alternate Director in place of Mr. Sunil Gandhi, ceased to be Director due to the resignation of Mr. Sunil Gandhi. He was appointed as an Additional Director with effect from 30th June 2001. He will hold this office up to the date of the ensuing Annual General Meeting and is eligible and offered himself for appointment as Director.

AUDITORS

M/s. Batliboi & Purohit, Chartered Accountants, the Auditors of the Company are due to retire and being eligible offer themselves for re-appointment.

AUDITORS' REPORT

The observations of the Auditors made in its report under Point 2(e) is self-explanatory and does not require any elucidation. Further, the said Director has sent an explanatory letter stating the circumstances under which the Company in which he is a Director, is not in a position to give certificate of compliance under Section 274(1)(g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

i. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
ii. We have selected such accounting policies and applied them consistently and made judgements 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 2000-2001 and of the loss of the Company for the period;
iii. We 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;
iv. We have prepared the annual accounts on a going concern basis.

SUBSIDIARY COMPANIES

The Accounts of the subsidiaries for their respective year ends are attached to the Accounts of the Company alongwith a statement in terms of Section 212 of the Companies Act, 1956. The Four Subsidiaries Companies viz. KJMC Stock Holding Company Limited, KJMC Forex Services Limited, KJMC Infrastructure Development and Financial Services Limited, KJMC Housing Development Finance Limited Property Developers Limited, which were promoted by the Company, in the earlier years, could not commence the business due to the prevailing economic recession and depression in the particular business line and hence these companies have made applications for striking off their name from the Register of Registrar of Companies under the 'Fast Track Scheme 560' initiated by the Department of Company Affairs in December 2000. Subsequently, by notification issued in the Gazette of India, dated 27th January, 2001, these Companies have been stand dissolved w.e.f. 27th February 2001 i.e. after the one month of the said notification and hence, are ceased to be subsidiaries of the Company from the effective date and thus the accounts of these Companies are not attached herewith.

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.

Your Directors also appreciate with gratitude the continuous support of clients, bankers, institutions, the shareholders and well wishers.

By Order of the Board of Directors
for KJMC FINANCIAL SERVICES LTD.

PLACE: MUMBAI
DATE : 30th June -2001

I.C. JAIN
CHAIRMAN

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SHAREHOLDERS INFORMATION

1. Annual General Meeting scheduled to be held :

Date : 29th September 2001

Time : 4.00 P.M.

Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 79, Marine Drive, 'F' Road, Mumbai – 400 020.

2. Dates of Book Closure :

Tuesday, 11th September 2001 to Saturday, 29th September 2001.

3. Financial Calendar :

The financial calendar year of the Company was from 1st April, 2000 to 31st March 2001.

4. Registered Office :

168, Atlanta, Nariman Point, Mumbai – 400021.

5. Listing of Equity Shares on Stock Exchanges

Shares of KJMC Financial Services Limited are listed on the Stock Exchanges at Mumbai (The Stock Exchange, Mumbai), Ahmedabad, Bhubaneswar, Kolkata, Delhi and Jaipur.

6. Stock Code :

(i) The Stock Exchange, Mumbai (BSE) : B1 30235

(ii) ISIN - INE533C01018

7. Stock Price Data

Monthly highs and lows of KJMC Financial Services Limited :

Month	The Stock Exchange, Mumbai High (Rs.)	Low (Rs.)
April 2000	26.35	14.40
May 2000	13.50	9.60
June 2000	11.50	8.30
July 2000	11.00	10.00
August 2000	11.00	11.00
September 2000	11.00	11.00
October 2000	—	—
November 2000	10.15	9.35
December 2000	11.50	6.55
January 2001	9.50	5.05
February 2001	6.90	4.90
March 2001	7.00	4.15

8. Share Transfer System

Shares sent for transfer in physical form to IIT Corporate Services Limited (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 IIT Corporate Services Limited within 15 days.

9. Dematerialisation of Shares

Trading in Equity Shares of the Company is permitted only in dematerialised form with effect from 29th January, 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31st March, 2001 out of total Equity Capital 1399502 Shares are held in dematerialised form with NSDL and CDSL.

10. Distribution of Shareholding as on 31st March, 2001

Number of Shares held	Number of Shareholders	No. of Shares held	% Shareholding
1 to 100	5102	287100	9.84
101 to 500	661	163050	5.59
501 to 1001	44	33750	1.16
1001 to 5000	38	85400	2.93
5001 to 10000	7	52350	1.80
10001 & above	21	2292990	78.66
In transit in NSDL system	—	600	0.02
Total	5873	2915240	100.00

11. Shareholding Pattern as on 31st March, 2001

	Category	No. of Shares held	% of Shareholding
A.	**Promoter's Holding**		
1	PROMOTERS		
	- Indian Promoters	1298250	44.53
	- Foreign Promoters	—	—
2	PERSONS ACTING IN CONCERT	—	—
	Sub – Total	1298250	44.53
B.	**Non-Promoters Holding**		
3	INSTITUTIONAL INVESTORS		
a.	Mutual Funds and UTI	127050	4.36
b.	Banks, Financial Institutions, Insurance Companies (Central / state Government Institutions/ non-government institutions)	65800	2.25
c.	FIIs	—	—
	Sub – Total	192850	6.61
4.	OTHERS		
a.	Private Corporate Bodies	803990	27.58
b.	Indian Public	619650	21.26
c.	NRI / OCBs	500	0.02
d.	Any other (please specify)	—	—
	Sub – Total	1424140	48.86
	Grand Total	2915240	100%

12. Address for communication

Shareholders can communicate to :

KJMC Financial Services Limited
Secretarial Department :
168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.
Tel No.: 2832350/52
Fax No.: 2852892
E-mail : cosec@kjmc.com

Or,

IIT Corporte Services Limited, Registrar & Transfer Agents,
Registered Office :
Rajabahadur Mansion, Bombay Samachar Marg, Mumbai – 400001
and
Administration Office :
Protoprima Chambers, 2nd Floor, Suren Road, Andheri (East), Mumbai – 400093.
Tel. Nos.: 8306790/91 & 8349976
Fax No. 91-22-8215352
E-mail address : iitcs@bom3.vsnl.net.in

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AUDITORS' REPORT

The shareholders,
KJMC FINANCIAL SERVICES LIMITED

We have audited the attached Balance Sheet of KJMC FINANCIAL SERVICES LIMITED as at 31st March 2001 and also the Profit and Loss Account for the year ended on that date annexed thereto.

We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board, in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 & 5 of the said order on the basis of the information and explanations received by us.
2. Further to our comments in the annexure referred to in Paragraphs 1 above,
   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 these 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 Profit & Loss Account and the Balance Sheet complied with the Accounting Standards referred in sub-section (3c) of section 211;
   e) Representation has been received from Vice Admiral Ravi Prakash Sawahney (Retd.), however from one company where he is a Director. He is contending that the Company is a BIFR Company which is not in a position to give certificate for the reasons beyond their control. As far as all other Directors are concerned, on the basis of the written representations received from such Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the remaining Directors are disqualified as on 31st March, 2001, 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, read with notes appearing in Schedule 21 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 the Balance Sheet, of the state of the affairs of the Company as at 31st March 2001 and
      (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **BATLIBOI & PUROHIT**
Chartered Accountants

Place : Mumbai
Dated : 30th June 2001

R.D. Hangekar
Partner

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of the report of even date of the Auditors' Report to the shareholders of KJMC FINANCIAL SERVICES LIMITED of the accounts for the year ended 31st March, 2001)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. The fixed assets of the Company have been physically verified by the Management periodically at reasonable intervals and no material discrepancies have been noticed on such verification. In respect of Leased assets, confirmations are being obtained by the company for the physical existence of assets from the respective Lessees.
2. None of the fixed assets were revalued.
3. The stock-in-trade of shares has been physically verified by the Management as at the end of the financial year.
4. According to the information and explanations given to us, in our opinion the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. No discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion, and on the basis of our examination of stock records, the valuation of stock is fair and proper in accordance with normally accepted accounting principles.
7. The Company has not taken Secured and Unsecured Loans from Companies, Firms or other parties as listed in the register maintained u/s 301 of the Companies Act, 1956, and from the Companies under the same Management as defined under Sub-section (1B) of Section 370 of the Companies Act, 1956, where the rate of interest and other terms and conditions are prima-facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties listed in the register maintained Under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
9. The parties, including employees, to whom loans or advances in the nature of loans have been given are repaying the principal amounts as stipulated and also are regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, it appears that there are adequate internal control procedures which are commensurate with the size of the company and the nature of its business with regard to purchase of plant & machinery, equipments and other assets and also for sale of shares.
11. In our opinion and according to the information and explanations given to us, there are transactions of purchase and sale of shares 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 and have been made at prices which are reasonable having regard to prevailing market prices of such shares. There are no such transactions of purchase of goods and sale of goods and materials.
12. The Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions 1977 as amended.
13. In our opinion the Company has an internal audit system which needs to further strengthen to commensurate with the size of the Company and nature of its business.
14. According to the records of the Company, Provident Fund dues and Employee's State Insurance dues have been regularly deposited with appropriate authorities.
15. The Company does not have any undisputed amounts outstanding in respect of Income Tax, Wealth Tax, Sales Tax for a period more than six months from the date they became payable except for Vat Tax of Rs. 51,019/-.
16. No personal expenses have been charged to the Revenue Account other than those payable under contractual obligations or in accordance with generally accepted business practices.
17. According to the information and explanations given to us, the Company has maintained adequate records and documents in cases where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and any other similar securities.
18. We have been informed that the provision of any special statute applicable to Chit Funds, Nidhi or Mutual Benefit Society do not apply to the Company.
19. In our opinion and according to the explanations given to us, the Company has maintained proper records of transactions and contracts as to dealing in shares, debentures and other investments and timely entries have been made therein. The same have been held by the Company in its own name, except to the extent of exemption, if any, granted u/s 49 of the Companies Act, 1956 and in case of short delivery of shares and in view of the objections raised in the course of transfer of shares.
20. In view of the nature of the Company's business, the other clauses of para 4(A), 4(B) & 4(C) of the aforesaid order are not applicable.

FOR AND ON BEHALF OF
For **BATLIBOI & PUROHIT**
Chartered Accountants

Place : Mumbai
Dated : 30th June 2001

R.D. Hangekar
Partner

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BALANCE SHEET AS AT 31ST MARCH, 2001

		Schedules	As at 31.03.2001 (Rs.)	As at 31.03.2000 (Rs.)
SOURCES OF FUNDS :				
Shareholders' Funds				
a) Share Capital - Equity	29,152,400			
Preference	27,000,000	1	56,152,400	72,152,400
c) Reserves and Surplus		2	161,467,772	188,033,555
Loan Funds				
a) Secured Loans		3	21,432,924	50,706,847
b) Unsecured Loans		4	252,144,088	191,420,222
Deferred Payment Liabilities		5	14,000,000	14,000,000
TOTAL			505,197,184	516,313,024
APPLICATION OF FUNDS:				
Fixed Assets:		6		
a) Gross Block			400,603,087	402,350,548
b) Less: Depreciation			182,953,284	156,733,790
c) Net Block			217,649,803	245,616,758
Add : Accumulated Lease Adjustment			28,112,103	47,721,963
			245,761,906	293,338,721
Investments		7	184,854,374	210,033,574
Current Assets , Loans & Advances				
a) Current Assets		8	28,499,797	15,431,899
b) Loans & Advances		9	133,991,240	126,100,036
			162,491,037	141,531,935
Less : Current Liabilities & Provisions				
a) Current Liabilities		10	84,441,672	128,459,167
b) Provisions		11	34,091,780	34,909,552
			118,533,452	163,368,719
Net Current Assets			43,957,585	(21,836,784)
Miscellaneous Expenditure (To the extent not written off or adjusted)		12	30,623,319	34,777,513
TOTAL			505,197,184	516,313,024
SIGNIFICANT ACCOUNTING POLICIES		20		
NOTES FORMING PART OF THE ACCOUNTS		21		

As per our report attached

For BATLIBOI & PUROHIT
Chartered Accountants

R. D. Hangekar
Partner

Place : Mumbai
Dated : 30th June, 2001

For and on behalf of the Board of Directors

Rajnesh Jain *Director*

Girish Jain *Director*

Place : Mumbai
Dated : 30th June, 2001

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001

	Schedules	For the year ended 31.03.2001 (Rs.)	For the year ended 31.03.2000 (Rs.)
INCOME:			
Lease & Hire Purchase Income	13	29,649,659	54,627,805
Professional Fees & Other Income	14	12,267,428	13,659,755
Sale of Shares		32,332	86,122,373
Profit/(Loss) on Sale of Investments (Net)		7,044,306	—
Stock in Trade		244,678	349,300
		49,238,403	154,759,233
EXPENDITURE :			
Opening Stock (Stock In Trade)		349,300	4,165,155
Purchase of Shares		8,000	80,070,797
Subscription & Fees	15	1,584,164	734,994
Salaries & Allowances	16	773,922	2,210,309
Financial Charges	17	6,737,661	15,689,075
Rent Rates & Taxes	18	153,388	537,662
Operating & Other Administration Expenses	19	5,371,232	6,772,930
Depreciation		27,330,057	33,963,512
Loss/(Profit) on Sale of Investments (Net)		—	7,894,881
Loss/(Profit) on Sale of Asset (Net)		64,046	—
Provision for Non Performing Assets		—	165,425
Investments Written off		268,000	—
Debts Written off		26,758,165	11,972,970
Preliminary & Share Issue Expenses Written off		1,408,528	1,406,170
		70,806,463	165,583,880
PROFIT/(LOSS) BEFORE TAX		(21,568,060)	(10,824,647)
Less : Provision for Taxation		—	1,500,000
PROFIT/(LOSS) AFTER TAX		(21,568,060)	(12,324,647)
Add : Prior Period Item (net)		(201,629)	(144,343)
Add : Transfer from General Reserve		10,000,000	—
Add : Surplus as per last account		18,293,055	39,190,290
		6,523,366	26,721,300
Appropriations :			
Interim Dividend on Cumulative Reedemable Preference shares		3,935,385	5,080,000
Proposed Dividend :			
- On 2% Redeemable Non-Cumulative Preference Shares		—	100,000
- On Equity Shares		—	2,186,430
Tax on Dividend		860,709	1,061,815
BALANCE CARRIED TO BALANCE SHEET		1,727,272	18,293,055
SIGNIFICANT ACCOUNTING POLICIES	20		
NOTES FORMING PART OF THE ACCOUNTS	21		

As per our report attached

For BATLIBOI & PUROHIT
Chartered Accountants

R. D. Hangekar
Partner

Place : Mumbai
Dated : 30th June, 2001

For and on behalf of the Board of Directors

Rajnesh Jain *Director*

Girish Jain *Director*

Place : Mumbai
Dated : 30th June, 2001

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SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

			As at 31.03.2001 (Rs.)	As at 31.03.2000 (Rs.)
SCHEDULE - 1				
SHARE CAPITAL				
AUTHORISED				
3,50,00,000	(3,50,00,000)	Equity Shares of Rs. 10/- each	350,000,000	350,000,000
15,00,000	(15,00,000)	Redeemable Preference Shares of Rs.100/- each	150,000,000	150,000,000
			500,000,000	500,000,000
ISSUED, SUBSCRIBED AND PAID UP:				
2,915,240	(2,915,240)	Equity Shares of Rs.10/- each fully paid up (1,173,880 Equity Shares were issued as Bonus Shares by capitalisation of General Reserve & Share Premium)	29,152,400	29,152,400
Nil	(50,000)	2% Non-cumulative 10 year Redeemable Preference Shares of Rs.100/- each fully paid up	—	5,000,000
170,000	(Nil)	12% Cumulative Reedeemable Preference Shares of Rs.100/- each fully paid up (The above Shares are for a tenure of 24 months, will mature on 30.4.02)	17,000,000	—
Nil	(170,000)	13.50% Cumulative Reedeemable Preference Shares of Rs.100/- each fully paid up (The above shares were due for redemption and redeemed on date of maturity).	—	17,000,000
Nil	(100,000)	13.50% Cumulative Reedeemable Preference Shares of Rs.100/- each fully paid up (The above shares were due for redemption and redeemed on date of maturity).	—	10,000,000
100,000	(100,000)	13% Cumulative Reedeemable Preference Shares of Rs.100/- each fully paid up (The above Shares are for a tenure of 24 months, will mature on 5.10.02)	10,000,000	10,000,000
Nil	(10,000)	13.50% Cumulative Reedeemable Preference Shares of Rs.100/- each fully paid up (The above shares were due for redemption and redeemed on date of maturity).	—	1,000,000
			56,152,400	72,152,400

SCHEDULE - 2			
RESERVES & SURPLUS			
General Reserve			
As per last Balance Sheet	54,440,000		
Less : Transferred to Profit & Loss Account	10,000,000		
Less : Transferred to Capital Redemption Reserve	16,000,000		
		28,440,000	54,440,000
Special Reserve			
As per last Balance Sheet		13,135,000	13,135,000
Share Premium Account			
As per last Balance Sheet		78,265,500	78,265,500
Capital Redemption Reserve			
As per last Balance Sheet	23,900,000		
Add: Transfer from General Reserve	16,000,000		
		39,900,000	23,900,000
Balance in Profit & Loss Account		1,727,272	18,293,055
		161,467,772	188,033,555

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