

*Performing to Grow
Growing to Excel*

*16th Annual Report
2003-2004*

REPORT  JUNCTION.COM



KJMC Financial Services Ltd.

KJMC Financial Services Limited



BOARD OF DIRECTORS

: **Mr. I. C. Jain** (Chairman)
 Mr. J. S. Bhatnagar
 Mr. V. N. Dhoot
 Mr. R. R. Kumar
 Vice Admiral Raviprakash Sawhney (Retd.)
 Mr. Akshay Jain
 Mr. Rajnesh Jain
 Mr. Girish Jain
 Mr. Sanjay Maloo (resigned w.e.f. 3rd July, 2003)
 Mr. Manoj Daga (resigned w.e.f. 29th April, 2004)
 Mr. Sureshchandra Aythora (appointed w.e.f. 9th June, 2004)
 Mr. Hiranya Ashar (Alternate Director to Vice Admiral Ravi Prakash Sawhney)
 Mr. Pankaj Jain (Alternate Director to Sanjay Maloo, ceased w.e.f. 3rd July, 2003)

COMPANY SECRETARY

: **Ms. Ami Shah**

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

: Union Bank of India
 Citi Bank
 UTI Bank Limited
 UCO Bank

REGISTERED OFFICE

: 168, Atlanta, 16th Floor,
 Nariman Point, Mumbai - 400 021.
 Tel. Nos. (022) - 22885201 (4 lines)
 (022) - 22832350 / 52
 Fax No. 91-022 - 22852892

REGISTRAR & TRANSFER AGENTS AND DEPOSITORY PARTICIPANTS (Upto 30.9.2004)

: **IIT Corporate Services Limited**
 Protoprima Chambers, 2nd Floor, Suren Road,
 Andheri (East), Mumbai - 400 093.
 Tel. : 2830 6790 / 2830 6791 & 2834 9976
 Fax : 2821 5352 • E-mail : iitcl@bom3.vsnl.net.in
 Counter Timings : 10.30 a.m. to 12.30 p.m. • 1.30 p.m. to 3.30 p.m.

REGISTRAR & TRANSFER AGENTS AND DEPOSITORY PARTICIPANTS (SINCE 01/10/2004)

: **Bigshare Services Pvt. Ltd.**
 E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
 Andheri (East), Mumbai - 400072
 Tel. No. 28470652/53/56936291 • Fax No. 28475207
 E-mail : bigshare@bom7.vsnl.net.in
 Counter Timings : 10.30 a.m. to 12.30 p.m. • 1.30 p.m. to 3.30 p.m.

BRANCH OFFICE

: **NEW DELHI**
 221, Hans Bhavan
 Bahadur Shah Zafar Marg,
 New Delhi - 110 002.
JAIPUR
 41, Jai Jawan Colony II
 Tonk Road, Durgapur,
 Jaipur - 302018.

BANGALORE

2nd Floor, Premises No. 167,
 36 Cross / 18th Main Road,
 Jai Nagar Building,
 Next to Himalaya Stores,
 Bangalore - 560041.

SIXTEENTH ANNUAL GENERAL MEETING

DATE SATURDAY, 11TH SEPTEMBER 2004

TIME 4.00 P.M.

**VENUE S. K. SOMANI MEMORIAL HALL HINDI VIDYA BHAWAN
 79, MARINE DRIVE, 'F' ROAD, MUMBAI - 400020.**

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KJMC Financial Services Limited



NOTICE

Notice is hereby given that Sixteenth Annual General Meeting of the Members of KJMC Financial Services Limited will be held on **Saturday, 11th September 2004 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:-

- To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2004 and the Balance Sheet as at that date, and the Report of the Auditors thereon and the Directors' Report thereon.
- To confirm interim dividend paid on Cumulative Redeemable Preference Share Capital.
- To appoint a Director in place of Mr. R. R. Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. V. N. Dhoot, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. Akshay Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:-

- 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, Mr. Sureshchandra Aythora, who was appointed as an Additional Director w.e.f. 9th June 2004 and holds Office as such upto the date of Sixteenth Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from some Member signifying his intention to propose Mr. Sureshchandra Aythora as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation"

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

"RESOLVED THAT pursuant to the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956 or any other law for the time being in force the Board of Directors of the Company be and are hereby authorised to make investments upto 26% in the Equity Share Capital of Satyagiri Waterways Limited as they may, in their absolute discretion deem beneficial and in the interest of the Company upto an aggregate amount of Rs. 26,00,00,000/- (Rupees Twenty Six crores only) or the networth of the Company whichever is less on the date of subscribing to the same"

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary to give effect to the aforesaid"

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

"RESOLVED THAT pursuant to Section 163 and all other applicable provisions, if any, of the Companies Act, 1956 approval of the members of the Company be and is hereby accorded to the shifting of the Records, Register, Index of members and copies of all Annual Returns prepared under Section 159 of the Companies Act, 1956 together with the Copies of Certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 from IIT Corporate Services Limited, Admin Office: Protoprma Chambers, 3rd floor, Suran Road, Near Cinemagic Theatre, Andheri (E), Mumbai to Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakinagar Road, Saki Naka, Andheri (E), Mumbai 400 072 where the necessary registers, records, returns as mentioned above shall remain open for inspection during business hours of the Company"

"RESOLVED FURTHER THAT Board of Directors be and is hereby authorized to settle all matters arising out of and incidental to the keeping and location of records and further to do all other acts, deeds and things as may be necessary to give effect to this resolution"

- 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 1,70,000 (Nos. of Shares) 12% Cumulative Redeemable Preference Shares of Rs.100/- each, issued in the name of Bajaj Auto Limited (hereinafter referred to as "the Subscriber"), for the period of 24 months, on the existing terms and conditions"

NOTES:

- 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.
- 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.
- The related explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of business under item Nos. 7 to 10 sets out above are annexed hereto.
- The information required to be provided under the listing agreement entered into with various stock exchanges, regarding the directors who are proposed to be appointed / re-appointed has been given below.

- The Register of Members and Share Transfer Books of the Company will be closed from 28th August 2004 to 11th September 2004 both days inclusive, for the purpose of Annual General Meeting.
- As per the provisions of the Companies Act, 1956, facilities for making nomination is available for shareholders in respect of their shareholdings. Nomination Form can be obtained from the Company's Registrar & Transfer Agents.
- Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the Financial year ended 31st March 1996 has been transferred to the Investor Education and Protection Fund in December 2003. Further dividend for the Financial Year ended 31st March 1997 and thereafter, which remains 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, for the Financial Year ended 31st March 1997 or any subsequent financial years are requested to make their claim to the Company, Registered Office: 168, Atlanta, 16th floor, Nariman Point, Mumbai - 400021. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie with the Company in respect thereof.

Date of Declaration	For the year ended	Due for transfer on
25/09/1997	1996-1997	12/11/2004
26/09/1998	1997-1998	13/11/2005
29/09/1999	1998-1999	16/11/2006
29/09/2000	1999-2000	16/11/2007

Members who have not encashed their dividend warrants pertaining to the aforesaid years may approach the Company's registered office or the registrar & transfer agent of the company for obtaining payment thereof.

H) Members are requested to:

- To bring their copy of Annual Report at the meeting.
- Quote their Folio No. in all correspondence with the Company.
- 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.
- Handover the enclosed attendance slip, duly signed in accordance with their specimen signature registered with the Company, for admission to the meeting hall.
- Any member requiring further information on accounts at the meeting are requested to address their queries in writing to the Company atleast 10 days in advance of the meeting so that information required may be made readily available at the meeting.
- Information required to be furnished under the listing agreement:**
As required under the listing agreement, the particulars of directors who are proposed to be appointed / re-appointed are given below: -

1. Name & Designation	: Mr. R. R. Kumar, Director
Date of Birth	: 15/11/1925
Qualifications	: B.A., LL.B.
Expertise	: Former Chairman of Union Bank of India having very long association with the KJMC Group
Director of the Company since	: 15 th October 1994

Other Directorships:

Name of the Company	Committee	Status
BOB Asset Management Company Ltd.	Member of Audit Committee	Director
Eastern Medikit Ltd.	—	Director
Gobind Glass Works Ltd.	—	Director
Haldyn Glass Ltd.	Member of Audit Committee	Director
Rajasthan Polyester Ltd.	Member of Audit Committee	Director
Roita India Ltd.	Chairman of the Audit Committee and Member of the Investor Grievance Committee	Director
Uniflex Cables Ltd.	Chairman of the Investor Grievance Committee and Member of Audit Committee	Director
GTC Industries Ltd.	Chairman of the Audit Committee, Investor Grievance Committee and Remuneration Committee	Director
2. Name & Designation	: Mr. V. N. Dhoot, Director	
Date of Birth	: 30/09/1951	
Qualifications	: B. E. (Electronics)	
Expertise	: He is the Chairman of the Videocon Group having long association with the KJMC Group	
Director of the Company since	: 1 st September 1994	

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Other Directorships :

Name of the Company	Committee	Status
Videocon International Ltd.	—	Chairman & Managing Director
Videocon Appliances Ltd.	—	Director
Videocon Communication Ltd.	—	Director
Videocon VCR Securities Ltd.	—	Director
Petrocon India Ltd.	—	Director
Bharat Business Channel Ltd.	—	Director
Kitchen Appliances India Ltd.	—	Director
Indian Refrigerator Company Ltd.	Member of the Audit Committee	Director
Applicomp (India) Ltd.	Member of the Audit Committee	Director
Shree Dhoot Trading and Agencies Ltd.	Member of the Audit Committee	Director
Videocon Power Ltd.	—	Director
Videocon Industrial Finance Ltd.	—	Director
Videocon Housing Finance Ltd.	Member of the Audit Committee	Director
Dhoot Brothers Investment Company Pvt. Ltd.	—	Director
Keshar Dhoot Investment Company Pvt. Ltd.	—	Director
V. N. Dhoot Investment Company Pvt. Ltd.	—	Director
R. N. Dhoot Investment Company Pvt. Ltd.	—	Director
Sohan Finance Pvt. Ltd.	—	Director

3. Name & Designation : **Mr. Akshay Jain, Director**
 Date of Birth : 4th March 1960
 Qualifications : B.Com. F.C.A.
 Expertise : Vast experience in the area of Company Law and Accountancy.
 Director of the Company since : 1st March 1992

Other Directorships :

Name of the Company	Committee	Status
KJMC Capital Market Services Ltd.	Member of Audit Committee	Chairman
Jain Fabrica Pvt. Ltd.	—	Director
Sayali Iron & Steel Co. Pvt. Ltd.	—	Director
4. Name & Designation : Mr. Sureshchandra Aythora, Additional Director Date of Birth : 10 th January, 1951 Qualifications : B. Com (Hons), F.C.A. Expertise : Vast experience in the field of Corporate Taxation. Director of the Company since : 9 th June 2004		

Other Directorships :

Name of the Company	Committee	Status
Gold Rock Investments Ltd.	—	Director
Gold Rock World Trade Ltd.	—	Director
Gold Rock Metals Ltd.	—	Director
Gold Rock Agro-Tech Ltd.	—	Director
Blue Point Leasing Ltd.	—	Director
Sugata Investments Ltd.	—	Director
Tridhar Finance & Trading Ltd.	—	Director
Saryu Investments Ltd.	—	Director
Picanova Investments Pvt. Ltd.	—	Director
Seattle Online Pvt. Ltd.	—	Director
Incite Infotech Pvt. Ltd.	—	Director

For and on behalf of the Board of Directors
for **KJMC FINANCIAL SERVICES LTD.**

PLACE : MUMBAI
DATE : 29th JUNE 2004

INDER CHAND JAIN
CHAIRMAN

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. 7 to 119 of the accompanying Notice dated 29th June 2004 sets out hereinabove are as under:-

ITEM NO. 7

Mr. Sureshchandra Aythora was appointed as an Additional Director with effect from June 09, 2004. He is also a member of the Audit Committee.

Mr. Sureshchandra Aythora is a Chartered Accountant having vast experience in the field of Corporate Taxation.

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

The Board of Directors recommend his appointment as a Director of the Company. None of the Directors are concerned or interested in the said resolution other than himself.

ITEM NO. 8

The Company intends to invest upto 26% of the Equity Share Capital of Satyagiri Waterways Limited amounting to Rs. 26,00,00,000/- (Rupees Twenty Six crores only) or the networth of the Company whichever is less on the date of subscribing to the same. Satyagiri Waterways Limited has been incorporated to set up project for water transport and alternative mass transport system for water transportation of passengers and light cargo and to develop water transport project, required infrastructure facilities including acquiring land, constructing terminal buildings (including constructing terminal buildings on those plot of land as may be provided by Maharashtra State Road Development Corporation Limited or any other agency / Authority appointed by the Government of Maharashtra) developing operations and maintenance of terminals with requisite back up infrastructure.

In order that the Directors may make suitable investments in shares as and when necessary as they may deem beneficial and in the interest of the Company, more than 60% of the paid up share capital and free reserves of the company or 100% of the free reserves of the Company whichever is more, the Directors seek your accord to the proposed resolution to enable the Directors to invest the funds of the company in the above mentioned body corporate in excess of the aforesaid limits.

The proposed resolution is for the purpose of fulfilling the conditions laid down in Section 372A of the Companies Act, 1956.

The Board of Directors recommends the above resolution for acceptance by the members in the interest of the Company.

None of the Directors other than Mr. I. C. Jain are concerned or interested in the said resolution.

Item No. 9

The present renewal agreement appointing M/s. IIT Corporate Services Limited is expiring on 30th September 2004. Their representative had approached us informing that the Registrar & Transfer related work of their company shall be discontinued by them in the near future on account of some administrative reform.

On account of the development taken place as mentioned above we are required to make an appointment of new Registrar & Transfer Agent. We, after having a dialogue with some other Registrar & Transfer agent have decided to appoint M/s. Bigshare Services Private Limited w.e.f. September 30, 2004, and they will enter all particulars of, and relating to the allotment of Shares of the Company, attend to the registration and certification of the transfer of shares of the Company, maintain the Register of Member and Index of Members, and will prepare all Annual Returns to be filed by the Company with the Registrar of Companies, Maharashtra, Mumbai and do all such other work as is normally done by the Registrars. With a view to enabling the registrars to carry out their duties efficiently and expeditiously it would be desirable to keep the Register of Members, the index of Members, the copies of all Annual Returns prepared by the Company under Section 159 of the Companies Act, 1956 (hereafter referred to as 'the Act') together with the copies of the certificates and documents required by Section 161 of the Act to be annexed thereto, at their Registered Office at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 instead of at the Registered Office of M/s. IIT Corporate Services Limited at present at Rajabhadur Mansion, 2nd floor, 28, Bombay Samachar Marg, Mumbai - 400 001, and Administrative Office at Protoprma Chambers, 3rd floor, Suren Road, Near Cinemagic Theatre, Andheri (E), Mumbai - 400 093. Having regard to Section 163 of the Companies Act, 1956 the approval of the Shareholders by a Special Resolution is required to be obtained if the aforesaid books and / or documents or any one or more of them are kept at any place other than the Registered Office of the Company.

A copy of the Special Resolution set out in the accompanying notice which is proposed to be passed at the Annual General Meeting will be delivered in advance to the office of the Registrar of Companies, Maharashtra, Mumbai, as required under Section 163 of the Act

None of the Directors of the Company is concerned or interested in the said Resolution.

Item No. 10

The Company and the Preference Shareholder viz. Bajaj Auto Limited have mutually agreed to extend the period of redemption of 1,70,000 (No. of Shares) 12% Cumulative Redeemable Preference Shares of Rs.100/- each which were due for redemption on 30th April, 2004, for a further period of 24 months on the existing terms and conditions. The approval of Shareholders is required for the same by passing the Special Resolution.

The Board of Directors recommend the 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.

On behalf of the Board of Directors
for **KJMC FINANCIAL SERVICES LTD.**

PLACE : MUMBAI
DATE : 29th June 2004

INDER CHAND JAIN
CHAIRMAN

KJMC Financial Services Limited



DIRECTORS' REPORT

The Members,

Your Directors, present herewith the 16th Annual Report of the Company and the Audited Statements of Accounts for the year ended 31st March, 2004.

FINANCIAL RESULTS

	Year ended 31.03.2004 (Rs. in lakhs)	Year ended 31.03.2003 (Rs. in lakhs)
Total Income	129.31	175.44
Total Expenditure	47.27	93.71
Profit Before Depreciation and Tax	82.04	81.73
Less : Depreciation	65.92	67.49
Provision for Tax (current & deferred)	(9.62)	(0.87)
Profit / (Loss) After Tax	25.74	15.11
Add : Prior period item (net)	—	0.35
Add : Transfer from General Reserve	—	—
Add : Transfer from Special Reserve	—	20.00
Add : Balance in Profit and Loss Account brought forward from the previous year	—	4.08
DISPOSABLE PROFITS	25.74	39.54
Appropriations towards Interim Dividend on Cumulative Redeemable Preference Shares.	33.40	36.40
Tax on Interim Dividend	2.62	—
Transfer to Special Reserve under RBI Act	—	—
Transfer to General Reserve	—	—
Balance carried to Balance Sheet	(10.28)	3.14
	25.74	39.54

PERFORMANCE REVIEW: -

During the year under review, the Company earned the gross income Rs. 129.31 Lacs against Rs. 175.44 lacs in previous year. The total expenditure during the year under review was Rs. 47.27 lacs as compared to last years expenditure of Rs. 93.71 lacs. The Company recorded higher profit after tax of Rs. 25.74 lacs as compared to previous year profit after tax of Rs. 15.11 lacs. KJMC looks forward with optimism for better working results.

DIVIDEND: -

As the Company has not made adequate profit to declare dividend, 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 payment of dividend of Rs. 33.40 lacs to the holders of Redeemable Cumulative Preference Shares as final.

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.

ECONOMIC SCENARIO: -

During the first half of the year 2003-04, geo- political tensions continued to dampen the business sentiments in various developed countries across the world.

The macro economic conditions in India remained favourable, the Indian economy performed well which was partly due to a good monsoon in the decade. As a result of which there was a rebound in the agricultural sector as also a healthy growth rate was observed in the industrial and services sectors. As a result of these and other factors, the Indian economy is expected to show an overall growth in its GDP of around 8%.

Liberalization and deregulation have heightened competition among NBFC that will only intensify, NBFC in India will have to benchmark themselves against world class NBFCs. In this context, the way to boost profitability and stay ahead is by developing sophisticated and customized products, optimizing volumes, monitoring risks and reaching out to customers in diversified and distant markets by leveraging technology.

BUSINESS PROSPECTS: -

Your company strives to continuously understand the implication to its business of the various changes, as also the impact of altered economic policies on international developments.

The year 2003-04 saw continual improvements in the Research Department of the Company. The Research department's focus area includes preparation of reports on the following aspects on behalf of the Merchant Bankers Institutions and other interested parties: -

- Investment Banking
- Project Advisory Services

- Corporate Advisory Services
- Corporate Finance
- Project Financing
- Working Capital Management
- Placement of Equity
- Placement of Bonds
- Mergers and Acquisition Advisory Services
- Valuation of Shares for divestment
- Valuation of Brand Equity
- Securitisation of future receivable
- Restructuring of Debts on the basis of one time settlement or CDSR Route
- Replacement of high cost debt by enhancing rating
- Takeover Bids - As per SEBI Regulations
- Buy-back arrangements for corporates as per SEBI Regulations.
- Project Financing of Entertainment Industries
- Project Financing of Media Industries
- To assist the Bankers in preparing reports as per the requirements of (NPA - ordinance)
- To underwrite IPOs as per SEBI Norms.
- To prepare reports for settlement before DRT

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.

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.

A report on the management discussion and analysis for the financial year under review is annexed and forms part of this report.

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.

SUBSIDIARY COMPANIES: -

The accounts of the subsidiary companies for the year ended 31st March 2004 are attached to the accounts of the company along with a statement in terms of section 212 of the Companies Act, 1956.

The annual report of Global Management Services (Mauritius) Ltd (subsidiary Company) is not enclosed herewith as audit of annual accounts of that company could not be carried out on account of some administrative problem. Hence KJMC Financial Services Ltd. has decided to make an application to Ministry of Finance, Department of Company Affairs New Delhi under section 212(8) of the Companies Act, 1956, seeking permission for not enclosing the audited accounts as at 31st March, 2004, of the Subsidiary with the Annual Report of this Company. The audited accounts for the above said period of the said subsidiary company will be made available for inspection at the registered office of the Company and will be sent to every member on request at free of cost, when they will be made ready by the Subsidiary Company or as per the direction of the 'Ministry of Finance, Department of Company Affairs New Delhi', in due course.

FIXED DEPOSITS: -

The Company has neither accepted nor renewed any fixed deposit from the public during the period and there was no outstanding deposit payable during the financial year.

DIRECTORS: -

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

Mr. Sureshchandra Aythora was appointed as an Additional Director with effect from 9th June 2004. He will hold office upto the date of the ensuing Annual General Meeting and the Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of the Director.

LISTING OF SHARES: -

The Equity Shares of the Company are listed on the Stock Exchange, Mumbai. Further the Equity Shares of the Company have been delisted from Jaipur Stock Exchange Limited w.e.f. October 1, 2003, The Stock Exchange Ahmedabad w.e.f. March 31, 2004 and The Delhi Stock Exchange Association Limited w.e.f. May 7, 2004 and the delisting of the Equity shares of the Company from Bhubaneswar Stock Exchange and The Calcutta Stock Exchange Association Limited is in process.

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AUDITORS:-

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

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

1. We confirm that in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. We 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 2003-2004 and of the profit of the Company for that period.
3. 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.
4. We have prepared the annual accounts on a going concern basis.

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.

For and on behalf of the Board of Directors

Place : Mumbai

Dated : 29th June 2004.

INDER CHAND JAIN

CHAIRMAN

MANAGEMENT DISCUSSION & ANALYSIS

1. ECONOMIC ENVIRONMENT:-

According to the latest estimates of the International Monetary Fund (IMF), the global economic environment has improved significantly. The recent strengthening of the global recovery process has been led by buoyant growth in emerging Asia, especially China and India. The improved global recovery has been accompanied by a strong acceleration in world merchandise trade, particularly from emerging Asia and Japan. Reflecting improved investment opportunities and receding systemic risks, capital flows to emerging markets have also improved. At the same time the risk of deflation in several industrial countries has begun to subside with growing recovery and rising commodity prices. International financial markets have remained orderly and buoyant. Although overall global growth prospects have improved markedly, uncertainties still remain. Significant challenges and risks which still persist include possibilities of disruptive global currency adjustments, continued structural problems and hardening of interest rates.

2. BUSINESS AND MANAGEMENT:-

→ Industry Overview:

The Financial Sector has seen the turbulent time for last 6 years and to regulate the same the Reserve Bank of India introduced the concept of registrations of NBFC in the year 1997. To strengthen these regulations, RBI further introduced the measures by introducing wide ranging changes on deposit mobilisations, prudential norms, on sight and off sight monitoring mechanism. This is gradually showing effects in the NBFC Segment. The regulatory framework was further strengthened during the current year.

During the year the Indian economy has moved on to a high growth path. The GDP growth of India during 2003-04 is expected to be over 8%. Following good monsoons, the agriculture growth has rebounded and is expected to be over 10%. Industrial sector continues to remain buoyant. Further the economic environment during the year was characterised by steadily softening interest rates and a persistent bull phase in the capital market. Nation's forex reserves continued to swell resulting in the elimination of interest rate differentials across the country's borders.

3. BUSINESS OPERATIONS :-

Your Company along with its Subsidiaries offering diverse finance solutions such as Corporate Finance, Investment Banking, Stock Broking, Mutual Funds, Credit Marketing and Life Insurance.

Your Company along with its Subsidiaries has adopted cost efficiencies, product differentiations, customer services and distribution networks, as their marketing strategies, which help them to occupy enough space in the market of the Financial Sectors.

Your Company through its Subsidiaries i.e.:-

- (i) KJMC Capital Market Services Limited;
- (ii) KJMC Asset Management Company Limited;
- (iii) KJMC Credit Marketing Limited; and

along with other Subsidiaries has enlarged its sphere of activities in finance sector :-

(i) KJMC CAPITAL MARKET SERVICES LIMITED :-

This Company is a Subsidiary Company, having the BSE and NSE Cards, has made its presence in the market. Further, to tune with the present market scenario, it has also undertaken the activities rigorously in debt market segment.

(ii) KJMC CREDIT MARKETING LIMITED :-

This company has tied-up with ICICI Ltd. one of the leading and Premier Financial Institutions and engaged in the activities of credit marketing such as activities of Credit Cards, arranging Personal Loans, and also Life Insurance, etc.

(iii) KJMC ASSET MANAGEMENT COMPANY LIMITED :-

This subsidiary company is entering into Mutual Fund Segment.

4 MANAGEMENT OUTLOOK :-

To cope with the present and future market competitive threats and to live up to the expectations of the customers, your company has a sound management structure. Your Company has operating policies and procedures and well-laid authority limits to ensure that the operational controls are maintained on the business. The policies and procedures are continuously reviewed through an interactive mechanism between the business heads and other support functional heads. Your Company also has an adequate internal control system to ensure feedback on adherence to the defined policies and procedures.

Your Company realized the importance of the use of the technologies in improving operational controls, analysis of informations to enable better credit decisions apart from enhancing the Company's ability to offer better services to its customers. Your Company proposes to implement state of the art technology for its operations in the ensuing year.

Your company actively manages legal, statutory, regulatory, reputational risks, if any.

CORPORATE GOVERNANCE FOR THE F.Y. 2003-2004

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. It strongly believes in attaining transparency, accountability and equity, in all its operations, and in its interactions with stakeholders including shareholders, employees, the government and the lenders.

2 Board of Directors:

During the Financial year 2003-2004, five Meetings of the Board were held on 30th April 2003, 30th June 2003, 31st July 2003, 31st October, 2003 & 31st January, 2004.

The particulars of Directors as on 31st March 2004 are as follows:

SN	Director	Category of Directorship	No. of BM Attended	Last AGM attended	No. of Other Directorship Held	Committee Membership(s)	
						Member	Chairman
1	Mr. I. C. Jain	Chairman-Promoter/Non-Executive	5	Yes	8	5	1
2	Mr. J. S. Bhatnagar	Non-Executive & Independent	5	No	1	3	2
3	Mr. V. N. Dhoot	Non-Executive & Independent	Nil	No	13	4	Nil
4	Mr. Akshay Jain	Non-Executive	3	No	1	1	Nil
5	Mr. Girish Jain	Non-Executive	5	Yes	7	3	1
6	Mr. R. R. Kumar	Non-Executive & Independent	5	Yes	8	5	5
7	Vice Admiral Raviprakash Sawhney (Retd.)	Non-Executive & Independent	3	No	1	Nil	Nil
8	Mr. Rajnesh Jain	Non-Executive	3	Yes	4	2	1
9	Mr. Sanjay Maloo #	Non-Executive & Independent	—	No	5	Nil	Nil
10	Mr. Pankaj Jain ##	Non-Executive	—	Yes	3	Nil	Nil
11	Mr. Manoj Daga	Non-Executive & Independent	2	Yes	Nil	1	Nil
12	Mr. Hiranya Ashar**	Non-Executive & Independent	—	—	—	—	—

Mr. Pankaj Jain has been appointed as an alternate Director to Mr. Sanjay Maloo.

Mr. Sanjay Maloo resigned with effect from 3rd July 2003 and the office of Mr. Pankaj Jain automatically ceased on account of alternate directorship.

** Mr. Hiranya Ashar has been appointed as an alternate Director to Vice Admiral Raviprakash Sawhney w.e.f. January 31, 2004

*** Excluding directorship in Private Limited Companies, foreign companies and companies registered under Section 25 of the Companies Act, 1956.

KJMC Financial Services Limited



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.

(BM = Board Meeting, AGM = Annual General Meeting)

3. Audit Committee:

(a) Terms of References:

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 Company Law and Listing Agreement with the Stock Exchange/s. These include review of accounting and financial policies and procedures, review of financial reporting system, internal control procedures and risk management policies. The Committees met four times during the year i.e. on 30th June 2003, 31st July 2003, 31st October 2003 and 31st January 2004.

(b) Composition:

The Audit Committee was formed on 25th January 2001. As on 31st March 2004 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. J. S. BHATNAGAR	CHAIRMAN & INDEPENDENT	4
MR. MANOJ DAGA	INDEPENDENT	2

4. Remuneration Committee:

The Company does not have a formal Remuneration Committee. As the Company does not have any employee Director, the Board of Directors will take the necessary steps, whenever it will be required to carry out the functions/activities of the Remuneration Committee.

5. Share Transfer / Investor Grievance Committee:

(a) Terms of References:

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

(b) 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. Rajesh Jain	- Member
Mr. Pankaj Jain*	- Member

* The office of Mr. Pankaj Jain automatically ceased on 3rd July 2003 on account of alternate directorship to Mr. Sanjay Maloo. (Resigned on 3rd July 2003)

During the year, the Company received 11 complaints and all were resolved within a stipulated time to the satisfaction of the shareholders / investors. As on 31st March 2004, no transfers were pending.

The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. The Committee held 20 meetings during the year and approved the transfer of shares lodged with the Company and attended the investor's queries & complaints.

6. General Body Meetings:

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

Year	AGM	Location	Date	Time
2001	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 002.	29/09/2001	4.00 P.M.
2002	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 002.	28/09/2002	4.00 P.M.
2003	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 002.	27/09/2003	4.00 P.M.

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

7. 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 - 19 Notes to Accounts to the Annual Accounts for the year ended 31st March 2004.

No penalties, strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to capital market, during the last three years.

8. 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 is displaying the financial Results on Website. 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, 11th September 2004
Time : 4.00 P.M.
Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 020.

2. Book Closure:

Saturday, 28th August 2004 to Saturday, 11th September 2004.

3. Financial Calendar:

The financial calendar year of the Company was from 1st April 2003 to 31st March 2004.

Financial reporting for the year ending 31st March 2005:

Unaudited Financial Results for the quarter ending 30 th June, 2004	July, 2004
Unaudited Financial Results for the half year ending 30 th September, 2004	October, 2004
Unaudited Financial Results for the quarter ending 31 st December, 2004	January, 2005
Audited Financial Results for the year ending 31 st March, 2005	June, 2005

4. Listing of Equity Shares on Stock Exchanges:

- Equity Shares of the Company are listed on the Bombay Stock Exchange.
- The Equity shares of the Company have been successfully delisted from Jaipur Stock Exchange Limited w.e.f. October 1, 2003, The Stock Exchange Ahmedabad w.e.f. March 31, 2004 and The Delhi Stock Exchange Association Limited w.e.f. May 7, 2004 and the approval of the delisting from Bhubaneshwar and Calcutta Stock Exchanges is in process.
- The applicable listing fees for the year ended 31st March, 2004 has been paid with the Stock Exchange(s).

5. Stock Code:

- The Stock Exchange, Mumbai (BSE): B1 - 530235*
- ISIN - INE533C01018

6. Stock Price Data:

The high and low prices of the Company's shares at The Stock Exchange, Mumbai (BSE) and performance in relation to BSE: Sensex from April 2003 to March 2004:

Month	The Stock Exchange, Mumbai High (Rs.) Low (Rs.)	
April 2003	2.40	1.50
May 2003	2.25	1.65
June 2003	4.27	1.7
July 2003	4.8	2.28
August 2003	5.79	1.76
September 2003	4.0	1.03
October 2003	2.5	1.02
November 2003	3.58	1.69
December 2003	5.15	1.65
January 2004	4.55	1.55
February 2004	1.84	0.96
March 2004	1.68	0.9

7. Compliance Officer:

Ms. Ami Vijay Shah- Company Secretary
168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

8. Address for correspondence:

Shareholders can correspond to:

Secretarial Department:

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

IIT Corporate Services Limited, R&T Agents,

Regd. Office : Rajabhadur Mansion, Bombay Samachar Marg, Mumbai - 400001 and

Admn. Office : Protoprma Chambers, 2nd Floor, Suren Road Andheri (East), Mumbai - 400093.

Tel. Nos. : 26832609 / 26835599 & 268349976

Fax No. : 91-22-26848375

E-mail address : iitcs@bom3.vsnl.net.in

16th Annual Report

2003-2004

Address of our New "Registrar & Transfer" agent w.e.f. 1st October 2004 is as follows:

Bigshare Services Private Limited

Regd. Office: E-2/3, Ansa Industrial Estate, Sakivihar Road,
Saki Naka, Andheri (E), Mumbai 400 072

Tel. Nos. : 28470652/56936291

Fax No. : 91-22-28525207

E-mail address : bigshare@bom7.vsnl.net.in

Shareholders holding shares in electronic mode should address their Correspondence to their respective Depository Participants:

9. 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.

10. Dematerialisation of Shares

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29th January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31st March 2004, out of total Equity Capital 18,07,832 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 2004

Number of shares held	Number of shares	No. of held	% Shareholding
1 to 500	5374	425011	14.58
501 to 1000	51	39262	1.35
1001 to 2000	29	42657	1.46
2001 to 3000	14	36800	1.26
3001 to 4000	3	11025	0.38
4001 to 5000	7	33850	1.16
5001 to 10000	9	71615	2.46
10001 to 30000	6	92205	3.16
30001 to 50000	6	252500	8.66
50001 to 100000	7	494665	16.97
100001 to 99999999	4	1415650	48.56
	5,510	2915240	100%

12. SHAREHOLDING PATTERN AS ON 31st MARCH 2004

Category	No. of shares held	Percentage of shareholding
A. Promoter's holding		
1 Promoters		
- Indian Promoters	1298250	44.54
- Foreign Promoters	---	---
2 Persons acting in concert	---	---
Sub - Total....	1298250	44.54
B. Non-Promoters holding		
3 Institutional Investors		
a. Mutual Funds and UTI	71775	2.45
b. Banks, Financial Institutions, Insurance Companies (Central / state Government Institutions/ non-government Institutions)	65400	2.24
c. FIs	---	---
Sub - Total....	137175	4.70
4. Others		
a. Private Corporate Bodies	819694	28.12
b. Indian Public	658771	22.60
c. NRI / OCBs	700	0.02
d. Any other (please specify)		
Clearing Member	650	0.02
Sub - Total....	1479815	50.76
Grand Total....	2915240	100%

Note: The total foreign shareholding for the quarter ended 31st March 2004, is 700 shares, which in percentage terms is 0.02% of the issued and subscribed capital. The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement:

- The Company for use by its Non-executive Chairman is maintaining a chairman's office with requisite facilities.
- As the financial performance of the Company is well publicized and also displayed on the Company's Website, individual communication of half yearly results is not sent to the shareholders.

Brief particulars of retiring Directors are as under:

S. N.	Name of Director	Status	Effective Date
1.	Mr. Raghunath Rai Kumar	Retire by rotation and eligible for reappointment	AGM
2.	Mr. Venugopal Dhoot	Retire by rotation and eligible for reappointment	AGM
3.	Mr. Akshay Jain	Retire by rotation and eligible for reappointment	AGM

Mr. R. R. Kumar is former Chairman of Union Bank of India having very long association with the KJMC group.

Mr. V. N. Dhoot is the Chairman of the Videocon group having very long association with the KJMC group.

Mr. Akshay Jain is a Chartered Accountant and he is a founder member of the KJMC group.

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 March 31, 2004 as stipulated in Clause 49 of the Listing Agreement of the Company 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 guidance 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, 2004, 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

Place : Mumbai
Date : 29th June, 2004

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

KJMC Financial Services Limited



AUDITOR'S REPORT

To the Members of

KJMC Financial Services Limited

We have audited the attached Balance Sheet of KJMC Financial Services Limited as at 31st March 2004 and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 misstatements. An Audit includes examining, on a test basis evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 & 5 of the said order.
3. In our opinion the Balance Sheet, Profit and Loss Account dealt with by this report comply with Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
4. On the basis of the written presentations received from the Directors as on March 31, 2004, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
5. Further to our comments in the Annexure referred to in paragraph 2 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 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, Profit Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion and to best of our information and according to the explanations given to us the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - 1) in the case of the Balance Sheet of the state of affairs of the company as at March 31, 2004;
 - 2) 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 : 29.06.2004

(R. D. Hangekar)
Partner

Annexure to Auditors' Report

- 1) a). The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b). Major portion of the fixed assets have been physically verified by the management during the year. No material discrepancies have been noticed by the management on such verification.
- c). According to the information & explanations given to us, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the company is not affected.
- 2) a). As explained to us, the stock-in-trade of the company has been physically verified by the management at the end of the financial year.
- b). In our opinion and according to the information and explanations given to us, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c). No discrepancies have been noticed on the physical verification of stocks as compared to book records.
- 3) As informed to us, the Company has not taken Secured and Unsecured Loans from Companies, Firms or other parties as 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.

- 4) In our opinion and according to information & explanations given to us, there are adequate internal controls procedures commensurate with size of the company and the nature of its business with regards to purchases of the inventory, fixed assets and with regards to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- 5) According to information & explanations provided by the management, we are of the opinion that there are no transactions that need to be entered in to the register maintained under Section 301 of the Act.
- 6) In our opinion and according to the information & explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- 7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
- 8) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the Products of the company.
9. In respect of Statutory dues:
 - a) According to the records of the company, the undisputed statutory dues including provident fund, income tax and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2004 for a period of more than six months from the date of becoming payable, except for the Assessment year 2002-03 refund amounted to Rs.4,92,448 is under assessment.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax and cess were in arrears as at 31st March, 2004 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 and cess, which have not been deposited on account of any dispute.
- 10) The Company has accumulated losses and it is less than 50% of its net worth. The Company has not incurred cash losses during the financial year covered by the our audit and the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and bank.
- 12) In our opinion and according to the information and explanations given to us, the Company has maintained adequate records where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- 14) 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.
- 15) According to the information and explanations given to us and the representations made by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms & conditions whereof are prima-facie prejudicial to the interest of the company.
- 16) The company has not raised any term loans during the year and also there were no outstanding balances at the beginning of the year.
- 17) Based on the information & explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- 18) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- 19) The company has not issued any debentures.
- 20) The company has not raised any money by way of public issue, during the year.
- 21) According to the information and explanations given to us and based on the audit procedures performed, we report that, no fraud on or by the company has been noticed or reported during the year.

For BATLIBOI & PUROHIT
Chartered Accountants

Place : Mumbai
Dated : 29.06.2004

(R. D. Hangekar)
Partner

16th Annual Report**2003-2004****BALANCE SHEET AS AT 31 ST MARCH 2004**

	Schedules	As at 31.03.2004 (Rs.)	As at 31.03.2003 (Rs.)
SOURCES OF FUNDS :			
Shareholders' Funds			
i) Share Capital	1	56,152,400	56,152,400
ii) Reserves and Surplus	2	73,183,274	74,211,421
Loan Funds			
i) Secured Loans	3	1,704,701	9,370,301
ii) Unsecured Loans	4	209,279,544	207,740,625
Deferred Tax Liabilities (Net)		81,750,020	82,835,697
TOTAL		422,069,939	430,310,444
APPLICATION OF FUNDS:			
Fixed Assets			
	5		
a) Gross Block		341,151,690	342,284,298
b) Less: Depreciation		186,823,122	180,809,524
c) Net Block		154,328,568	161,474,774
Add : Accumulated Lease Adjustment		78,339,793	71,650,228
		232,668,361	233,125,002
Investments	6	231,089,585	236,822,707
Current Assets, Loans & Advances			
a) Current Assets	7	39,864,756	34,931,100
b) Loans & Advances	8	24,161,123	43,721,094
		64,025,879	78,652,194
Less : Current Liabilities & Provisions			
a) Current Liabilities	9	123,295,563	140,366,955
b) Provisions	10	543,699	213,859
		123,839,262	140,580,814
Net Current Assets		(59,813,383)	(61,928,619)
Miscellaneous Expenditure	11	18,125,376	22,291,354
(To the extent not written off or adjusted)			
TOTAL		422,069,939	430,310,444
SIGNIFICANT ACCOUNTING POLICIES	18		
NOTES FORMING PART OF THE ACCOUNTS	19		

As per our report of even date attached
For BATLIBOI & PUROHIT
Chartered Accountants

For and on behalf of the Board of Directors

R. D. Hangekar
Partner

Girish Jain
Director

Rajnesh Jain
Director

Ms Ami Shah
Company Secretary

Place : Mumbai
Date : 29th June 2004

Place : Mumbai
Date : 29th June 2004