

Performing to Grow
Growing to Excel



KJMC Financial Services Limited

20th Annual Report
2007 - 2008



KJMC Financial Services Limited

BOARD OF DIRECTORS	:	Mr. I. C. Jain Mr. R. R. Kumar Mr. J. S. Bhatnagar Mr. Akshay Jain Mr. Rajnesh Jain Mr. Girish Jain Mr. S. C. Aythora Mr. Nitin Kulkarni	(Chairman) (Resigned w.e.f. 1/2/2008) (Resigned w.e.f. 17/3/2008) (Appointed w.e.f. 31/7/2008)
COMPANY SECRETARY	:	Mr. Vijay Joshi	
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	:	HDFC Bank Limited Union Bank of India	Citi Bank UCO Bank
REGISTERED OFFICE	:	168, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021. Tel. Nos. (022) - 4094 5500 (022) - 22832350 / 52 Fax No.91-022 - 22852892 Website : www.kjmc.com	
REGISTRAR & TRANSFER AGENTS	:	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai - 400072 Tel. No. : 28470652/53 • Fax No. 28475207 E-mail : info@bigshareonline.com Counter Timings : 10.30 a.m. to 12.30 p.m. • 1.30 p.m. to 3.30 p.m.	
GROUP BRANCH OFFICES	:	NEW DELHI 221, Hans Bhavan Bahadur Shah Zafar Marg, New Delhi - 110 002. BANGALORE H. No. 86, 2nd Floor, 8th Main, 3rd Block, 3rd Stage, Basaveswara Nagar, Bangalore - 560079	JAIPUR 41, Jai Jawan Colony II Tonk Road, Durgapur, Jaipur - 302018. AHMEDABAD Broadway Business Centre, 1st Floor, Shahjanand Complex, C. G. Road, Ahmedabad 380 008.

TWENTIETH ANNUAL GENERAL MEETING

DATE Saturday, 27th September, 2008
TIME 3.30 P.M.
VENUE S. K. SOMANI MEMORIAL HALL
HINDI VIDYA BHAWAN
79, MARINE DRIVE, 'F' ROAD,
MUMBAI - 400020.

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NOTICE

Notice is hereby given that Twentieth Annual General Meeting of the Members of **KJMC Financial Services Limited** will be held on Saturday, 27th September, 2008 at 3.30 P.M. at S. K. Somani Memorial Hall, Hindi Vidy 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, 2008 and the Balance Sheet as at that date and the Report of the Board of Directors and Auditors thereon.
- To appoint a Director in place of Mr. I. C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. S. C. Aythora, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors and to authorize Board of Directors to fix their remuneration.

SPECIAL BUSINESS:-

- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-
"RESOLVED THAT pursuant to Section 260 and other applicable provision if any of the Companies Act, 1956. Mr. Nitin Kulkarni who was appointed as Additional Director w.e.f. 31st July, 2008 and who holds office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received notice from a member u/s 257 of the Companies Act, 1956 signifying his intention to propose him as a candidate for Director, Mr. Nitin Kulkarni be and is hereby appointed as Director of the Company whose terms of office shall be liable to determination by retirement by rotation."

FOR KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai
Date: 31st July, 2008

(I. C. JAIN)
CHAIRMAN

NOTES:

- The related explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items No. 5 setting out the material facts is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.** The Instrument of Proxy in order to be effective should be deposited at the Registered Office of the Company at 168, Atlanta, Nariman Point, Mumbai - 400021, not less than forty eight hours before the commencement of the meeting
- 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 Register of Members and Share Transfer Books of the Company will remain closed from Monday, 22nd September, 2008 to Saturday, 27th September, 2008 (both days inclusive) for the purpose of Annual General Meeting.
- As per the provisions of the Companies Act, 1956, facility for making nomination is available for shareholders in respect of their holdings. Nomination Form can be obtained from the Company's Registrar and Transfer Agents
- Information required to be furnished under the Listing Agreement :The information required to be provided under the listing agreement entered into with the stock exchange regarding the Directors who are proposed to be re-appointed / Directors seeking appointment at the Annual General Meeting is given hereunder:

1. Name & Designation	Mr. I. C. Jain, Director
Date of Birth	7 th November 1939
Qualifications	B Com FCA
Expertise	He has over three decades of experience in Income Tax Counseling, Corporate Finance, Merchant Banking and Company Audit.
Director of the Company since	30 th June 2000

The other Directorships / Committee Membership of Shri I. C. Jain are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Limited	Member of Audit Committee & Share Transfer Committee	Chairman
KJMC Investment Trust Company Limited		Chairman
KJMC Shares and Securities Limited		Director
KJMC Technologies and Systems Limited		Director
Port City Infrastructure Development (I) Limited		Director
Energy Development Company Limited		Director
Satyagiri Waterways Limited		Director

2. Name & Designation	Mr. S. C. Aythora, Director
Date of Birth	10 th January 1951
Qualifications	B. Com (Hons), F.C.A.
Expertise	He has more than 20 years of experience in the field Corporate Accounts, Audit, Taxation and Company Law matters.
Director of the Company since	9 th June 2004

The other Directorships / Committee Membership of Shri S. C. Aythora are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Capital Market Services Limited	Chairman of the Remuneration Committee.	Director
Gold Rock Investments Limited		Director
Gold Rock World Trade Limited		Director
Gold Rock Metals Limited		Director
Gold Rock Agro Tech Limited		Director
Saryu Investment & Trading Private Limited		Director
Sugata Investments Limited		Director
Seattle Online Private Limited		Director
CMCL Enterprises Limited		Director
Tridhar Finance & Trading Limited		Director
Picanova Investments Private Limited		Director
Blue Point Leasing Limited		Director
Incite Infotech Private limited		Director

3. Name & Designation	Mr. Nitin Kulkarni, Director
Date of Birth	21 st January, 1956
Qualifications	B. Com (Hons), F.C.A., A.C.S.
Expertise	He is a Practicing Chartered Accountant having more than 20 years experience in Corporate Accounts, Audit, Taxation and Company Law matters.
Director of the Company since	31 st July, 2008

The other Directorships / Committee Membership of Shri Nitin Kulkarni are as follows:

Name of the Company	Committee Membership	Board Membership
KJMC Global Market (India) Limited	Member of the Audit Committee	Director

G) Members are requested to:

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

EXPLANATORY STATEMENT

(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

Item No. 5:

Mr. Nitin Kulkarni was appointed as an Additional Director with effect from 31st July, 2008. 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 Board of Directors recommends his appointment as a Director of the Company. Mr. Nitin Kulkarni be and is hereby appointed as Director of the Company whose terms of office shall be liable to determination by retirement by rotation."

For KJMC FINANCIAL SERVICES LIMITED

Place: Mumbai
Date: 31st July, 2008

(I. C. JAIN)
CHAIRMAN

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MANAGEMENT DISCUSSION & ANALYSIS

1. ECONOMIC ENVIRONMENT:-

The Indian Economy continue to expand at a robust pace during the year 2007-08 for the fifth consecutive year despite some moderation due to difficult conditions in the Global Markets and increasing inflationary pressures and monetary tightening. Notwithstanding the moderation, the growth was in line with the average real GDP growth of 8.7% per annum over the five year period (2003-04 to 2007-08). According to revised estimates of Central Statistical Organisation (CSO), the economy recorded a real GDP growth of 9.0% during 2007-08 as compared to 9.6% during 2006-07. The growth in Industry at 8.1% and Services at 10.7% sectors continued to be the prime drivers of growth in overall GDP. The growth in Agriculture improved to 4.5% during 2007-08 as against 3.8% during the previous year. As at 31st March, 2008, India's foreign exchange reserves stood at US\$ 309.7 billion, which were higher by US\$ 110.5 billion than as at end -March 2007. The overall net FII inflow into the Capital Market remained positive during the year. FIIs invested US\$ 12.7 billion in the Indian stock markets during 2007-08 as compared to US\$ 5.7 billion during 2006-07. During the period April 2007 to February 2008, the inflows under Foreign Direct Investment (FDI) were US\$ 25.5 billion as compared to US\$ 19.6 billion in the corresponding period of the previous year.

2. BUSINESS AND INDUSTRY REVIEW:-

KJMC has been involved in providing fund based financial services and funding solutions to the Indian Corporates, Institutions, SME's, HNI's etc. Your company, along with its subsidiaries and associates forms an integrated financial services group providing wide range of services to its clients. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization. Financial Year 2008-09 is expected to be a year of consolidation for the capital markets on the back of likely moderation in corporate earnings, impacted by various macro and global factors including global credit and inflationary concerns. Accordingly, the execution of our strategic objectives takes into account the need for accelerated business growth in order to leverage the investments that have been made in the past and which are likely to have positive impact on the bottom line of your Company in the coming years.

3. FINANCIAL REVIEW

During the year under review, your Company earned the gross income of Rs. 152.65 Lakhs as against Rs. 202.13 Lakhs in the previous year. The total expenditure during the year under review was Rs. 78.13 Lakhs as against Rs. 104.30 Lakhs in the previous year. The Net Profit after tax was Rs. 88.22 Lakhs as against Rs. 77.93 Lakhs in the previous year.

4. BUSINESS OUTLOOK

As the Indian growth story unfolds, your company is gearing itself to respond to emerging opportunities and challenges. Presently in the Financial Services Sector, there are a wide range of products and services offered by aggressive players in the market which have made significant impact on the industry. Customers' diverse needs have carved out more opportunities to creative players, to innovate and satisfy the needs of the customers at all levels. Considering the Country's strong economic outlook coupled with buoyancy in the capital market, your directors expect better performance of the Company in the coming years. Your company plans to step up its presence in areas such as bill discounting, loan against shares, Margin funding, Promoter funding etc. to meet the needs of its customers. Your company is making investments in infrastructure & technology to meet the demands of a growing business.

5. RISKS AND CONCERNS

The Company is exposed to specific risks that are particular to its business and the environment within which it operates including economic cycle, market risks etc. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk practices. Being engaged in the business in a highly regulated industry, we are presented with risk containment measures in the very regulations. The company's business could potentially be affected by the following factors:-

- Impact of markets on our revenues and investments, sustainability of the business across cycles
- Sharp movement in prevailing interest rates in the market.
- Risk that a client will fail to deliver as per the terms of a contract with us or another party at the time of settlement.
- Risk due to uncertainty of a counterparty's ability to meet its financial obligations to us.
- Inability to conduct business and service clients in the event of a contingency such as a natural calamity breakdown of infrastructure, etc.

6. OPPORTUNITIES AND THREATS

The capital markets in India have witnessed a dramatic transformation in last few years. India has more than 7500 Companies listed on Indian Stock Exchange and among the largest investor base in the world. This year, the economy is expected to achieve growth in Gross Domestic Product as also the Industrial and Services sectors. The buoyancy in the capital market coupled with increased business and industrial activities will continue to provide excellent business opportunities in the future. In addition, the growth of services sector presents new opportunities for the financial services industry in India.

We face high market competition in all business from Indian as well as Multi- national Companies. New entrants and the regulatory changes also pose a challenge.

7. ADEQUACY OF INTERNAL CONTROLS:-

Your Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transaction are authorised, recorded and reported correctly. The Company has

an extensive system of internal control which ensures optimal utilisation and protection of resources, its security, accurate reporting of financial transactions and compliances of applicable laws and regulations as also internal policies and procedures.

8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

During the year under review your company along with its subsidiaries continued to lay great emphasis on human resources development to make its employees attain high standards in efficiency and productivity. A number of focused initiatives have been undertaken by the company for constantly upgrading employees knowledge and skills to ensure significant performance and reward them suitably. Most of the staff members possess professional qualification. The concept of every Executive Officer of the Company shall be a profit centre, is being enforced and implemented. It is our endeavour to create an environment where people can use all of their capabilities in support of the business. Therefore, your company encourages its employees to balance their work and personal responsibilities.

REPORT ON CORPORATE GOVERNANCE FOR THE F.Y. 2007-2008

PHILOSOPHY OF CORPORATE GOVERNANCE

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

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

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

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS:

The Company has a Non - Executive Chairman and the number of Independent Directors is more than one third of the total number of Directors. During the Financial Year 2007-2008, Seven Meetings of the Board of Directors were held on 7th July 2007 (adjourned meeting of 30th June, 2007), 28th July 2007, 29th September, 2007, 29th October 2007, 8th December, 2007, 22nd December 2007 and 31st January 2008.

The particulars of Directors as on 31st March, 2008 are as follows:

S No	Director	Category of Directorship	No. of BM Attended	Last AGM Attended	No. of Other Directorships held	Committee Membership(s)	
						Chairman	Member
1	Mr. I. C. Jain	Chairman Non- Executive	Nil	No	7	1	3
2	Mr. R. R. Kumar	Non-Executive & Independent	6	Yes	7	2	5
3	Mr. J.S.Bhatnagar*	Non-Executive & Independent	7	Yes	1	2	1
4	Mr. Akshay Jain**	Non-Executive	0	No	5	-	2
5	Mr. Girish Jain	Non-Executive	7	Yes	6	1	2
6	Mr. Rajesh Jain	Non-Executive	6	Yes	6	1	1
7	Mr. S.C. Aythora	Non-Executive & Independent	6	Yes	13	1	1

* Resigned as Director w.e.f. 1st February, 2008

** Resigned as Director w.e.f. 17th March, 2008

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

Board Procedures

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



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necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

3. AUDIT COMMITTEE:

(a) Terms of Reference:

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and also as per Section 292A of the Companies Act, 1956. The functions of the Audit Committee are as per provisions of Company Law and Listing Agreement with the Stock Exchange. These include review of accounting and financial policies and procedures, review of financial reporting system, internal control procedures and risk management policies. The Audit Committee discusses the Company's accounts before these are placed before the Board of Directors and also takes an overview of the company's financial reporting process. The Committee met four times during the year on 7th July, 2007 (adjourned meeting of 30th June, 2007), 28th July, 2007, 29th October, 2007 and 31st January, 2008.

(b) Composition:

The Audit Committee consists of the following Directors:

Name of Director	Executive/Non-Executive /Independent	No. of meetings attended
*Mr. J. S. Bhatnagar	Chairman of the Committee and Independent Director	4
Mr. I. C. Jain	Non Executive	0
Mr. S. C. Aythora	Independent Director	4

*Resigned as Director w.e.f. 1st February, 2008

4. REMUNERATION COMMITTEE:

(a) Terms of Reference:

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

Approve and make recommendations to the Board in respect of Directors' fees, Salary Structure and actual compensation (inclusive of Performance based incentives and benefits) of the Executive Director(s).

Review and approve the overall budgetary increment proposals for annual increase of compensation and benefits for the employees.

Review and approve the change in terms and conditions of the ESOP.

Review and approve the criteria for selection and appointment of Non-Executive Directors.

(b) Composition:

The Remuneration Committee consists of the following Directors:

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

*Resigned as Director w.e.f. 1st February, 2008

The Remuneration Committee met once a year on 28th July, 2007.

5. SHARE TRANSFER / INVESTOR GRIEVANCE COMMITTEE:

(a) Terms of Reference:

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

(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. Rajnesh Jain - Member

During the year, the Company received 11 complaints and all were resolved within the stipulated time to the satisfaction of the shareholders / investors. As on 31st March, 2008, no transfer was pending. The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. The Committee held 19 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/EGM	Location	Date	Time
2005	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	29/9/2005	4.00 P.M.
2006	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	27/9/2006	4.00 P.M.
2007	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	29/09/2007	4.30 P.M.
2007	EGM	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 nd Floor, 1 8/20 Kaikhushru Dubash Marg, Kalaghodha, Mumbai - 400001	08/12/2007	11.30 A. M.

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

7. CODE OF CONDUCT

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

8. 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 2008. 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.

9. MEANS OF COMMUNICATION:

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

GENERAL SHAREHOLDER'S INFORMATION:

1. Annual General Meeting scheduled to be held:

Date : Saturday, 27th September, 2008
Time : 3.30 P.M.
Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai - 400 020.

2. Book Closure:

Monday, 22nd September, 2008 to Saturday, 27th September, 2008 (both days inclusive).

3. Financial Calendar (tentative):

Financial Reporting for the Financial Year 2008-09	Tentative month of reporting
Unaudited Financial Results for the quarter ending 30 th June, 2008	July, 2008
Unaudited Financial Results for the half year ending 30 th September, 2008	October, 2008
Unaudited Financial Results for the quarter ending 31 st December, 2008	January, 2009
Audited Financial Results for the year ending 31 st March, 2009	June, 2009

4. Listing of Equity Shares on Stock Exchanges :

(i) Equity Shares of the Company are listed on Bombay Stock Exchange Limited, Mumbai (BSE). Annual listing fees for the year 2008-09 has been paid to the Bombay Stock Exchange Limited, Mumbai (BSE).

(ii) The Company complied with the delisting formalities with other stock exchanges and consequently the Company got its shares delisted from Jaipur Stock Exchange Limited, The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited. The delisting approval from Bhubaneswar and Calcutta Stock exchanges is awaited.

5. Stock Code:

(i) The Bombay Stock Exchange Limited, Mumbai (BSE): B - 530235
(ii) ISIN - INE533C01018

6. Stock Price Data:

Month wise high and low price of the Company's Shares at Bombay Stock Exchange Limited (BSE) from April, 2007 to March, 2008

Month	The Bombay Stock Exchange Limited (BSE)	
	High (Rs.)	Low (Rs.)
April 2007	18.15	8.72
May 2007	43.50	15.80
June 2007	38.25	23.00

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July 2007	27.30	19.95
August 2007	21.55	16.90
September 2007	21.45	17.05
October 2007	22.00	17.05
November 2007	38.30	19.25
December 2007	52.05	36.50
January 2008	68.25	47.45
February 2008	47.90	35.20
March 2008	35.70	21.45

7. Compliance Officer:

Mr. Vijay Joshi
168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.
Ph: 022-22885201, email: cosec@kjmc.com

8. Address For Correspondence:

Shareholders can correspond to:
Secretarial Department: 168, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.
Or
Bigshare Services Pvt. Ltd., E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400072, Tel.No.022-28470652/53, Fax No. 022-28475207, email id: info@bigshareonline.com.

Shareholders holding shares in electronic mode should address their Correspondence to their respective Depository Participants. The company also has designated email id: investor.finance@kjmc.com where shareholders can correspond with the company.

9. Share Transfer System

Shares sent for transfer in physical form to R&T Agents, are registered and returned within a period of 30 days from the date of receipt, if the documents are in order. The Share Transfer Committee meets generally on a fortnightly basis to consider the transfer proposals. All requests for dematerialisation of shares are processed by R&T Agent within 15 days.

10. Dematerialisation of Shares

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 29th January 2001 as per notification issued by the Securities & Exchange Board of India (SEBI). As on 31st March 2008, out of total Equity Capital 29,15,240 Equity Shares, 25,80,474 Equity Shares representing 88.52 % of the total Equity Shares are held in dematerialised form with NSDL and CDSL. Transfer cum demat facility is available to all Shareholders of the Company, who request for such facility.

11. Distribution of Shareholding as on 31st March, 2008

Range in rupees	Number of Shareholders	% of Total Holders
Upto 5000	3,864	96.72
5001 to 10000	41	1.02
10001 to 20000	25	0.63
20001 to 30000	12	0.30
30001 to 40000	9	0.23
40001 to 50000	13	0.32
50001 to 100000	9	0.23
100001 and above	22	0.55
TOTAL	3,995	100

12. Shareholding Pattern as on 31st March, 2008

Cat. Code	Category of Shareholder	Total No. of Shares held	% Shareholding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	1370854	47.03
(b)	Central Govt. / State Govts.	0	0
(c)	Bodies Corporate	0	0
(d)	Financial Institutions / Banks	0	0
(e)	Any other	0	0
	Sub Total – A(1)	1370854	47.03
2	Foreign	0	0
(a)	Non Resident Individuals / Foreign Individuals	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Any other	0	0
	Sub Total A(2)	0	0
	Total Shareholding of Promoter Group	1370854	47.03
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	65400	2.24
(c)	Central Govt. / State Govt.	7050	0.24
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	0	0
(g)	Foreign Venture Capital Investors	0	0
(h)	Any other	0	0
(h1)	NRI Banks	0	0
	Sub Total B(1)	72450	2.48

2	Non Institutions		
(a)	Bodies Corporate / Trust	743474	25.50
(b1)	Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac	495482	17.00
(b2)	Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac	232336	7.97
(c)	Any other	0	0
(c1)	Clearing Member	105	0.00
(c2)	NRI	539	0.02
(c3)	OCB's	0	0
	Sub Total B(2)	1471936	50.49
	Total Public Shareholding B(1) + B(2)	1544386	52.97
	Total (A) + (B)	2915240	100
C	Shares held by Custodians and against which Depository receipts have been issued	0	0
	Grand Total	2915240	100

Note: The total foreign shareholding as on 31st March, 2008, is 539 shares, which in percentage terms is 0.02% of the issued and subscribed capital.

OTHER INFORMATION

Code of conduct for Prevention of Insider Trading

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

Declaration regarding affirmation and Compliance of Code of Conduct

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

FOR KJMC FINANCIAL SERVICES LIMITED

(I. C. JAIN)
CHAIRMAN

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of KJMC Financial Services Limited

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to the compliance of conditions of Corporate Governance by KJMC Financial Services Limited for the year ended on March 31, 2008 as stipulated with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was conducted in the manner described in the Guidance on certification of corporate 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 abovementioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2008, 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 AccountantsR. D. Hangekar
Partner
(Membership No. 30615)Place : Mumbai
Date : 31st July, 2008



KJMC Financial Services Limited

AUDITOR'S REPORT

To the members of
KJMC Financial Services Limited

1. We have audited the attached Balance Sheet of KJMC Financial Services Limited ("the company") as at 31st March, 2008 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto (all together referred to as 'the Financial Statements'). These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and the records as we considered necessary and appropriate and according to the information and explanation given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received by the Company from its Directors, none of the directors is disqualified as on the balance sheet date from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion, and to the best of our information and according to the explanations given to us, subject to Note No. 2 of Schedule 17 regarding the valuation of Long Term Investments in the Subsidiaries at Cost even though the Net Worth of these companies being fully eroded resulting in the non-provision of the diminution in the value these investments of Rs. 10 lacs by which the Profit and the Investments of the current year have been overstated; the financial statements read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - g) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - h) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - i) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Batliboi & Purohit
Chartered Accountants

Place: Mumbai
Dated: 31st July 2008

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

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date to the members of KJMC Financial Services Limited on the financial statements for the year ended on March 31, 2008)

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) According to the information and explanations given to us, the management conducted physical verification of fixed assets as at the year end, and no material discrepancies were noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its business, the frequency of verification is reasonable.
- c) The Company has not disposed off any substantial part of fixed assets during the year, accordingly, the assumption of the going concern being affected, does not arise.
- ii) a) As the Company held its inventory in dematerialized form during the year, we have no comments to offer on conduct of physical verification and the adequacy of physical verification procedures. In respect of the inventory held in dematerialized form, the Company has received written confirmations from depositories for quantities held at the balance sheet date, and no discrepancies are noticed with respect to the book records maintained.
- b) In our opinion, and on the basis of the records examined by us, and information and explanations given to us, the Company has maintained proper records of inventory.

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

For Batliboi & Purohit
Chartered Accountants

Place: Mumbai
Dated: 31st July, 2008

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

20th Annual Report 2007-2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules	As on 31.03.2008 (Rs.)	As on 31.03.2007 (Rs.)
SOURCES OF FUNDS :			
(1) Shareholders' Funds			
(a) Capital	1	37,652,400	37,652,400
(b) Reserves and Surplus	2	59,799,165	136,665,500
(c) Share Warrants (Pending Allotment)		511,560	-
(2) Loan Funds			
(a) Secured Loans	3	10,749,595	-
(b) Unsecured Loans	4	85,063,395	262,488,933
Deferred Tax Liabilities		1,066,514	75,354,603
(Refer note no. 11 of schedule 17)			
TOTAL		194,842,629	512,161,436
APPLICATION OF FUNDS:			
(1) Fixed Assets	5		
a) Gross Block		20,009,124	298,226,984
b) Less: Depreciation		12,226,508	190,471,871
c) Net Block		7,782,616	107,755,113
Add : Accumulated Lease Adjustment		-	113,872,279
		7,782,616	221,627,392
(2) Investments	6	257,477,730	237,153,638
(3) Current assets , loans and advances			
a) Inventories		146,591	374,329
b) Sundry debtors	7	10,002,144	72,442,494
c) Cash and bank balances		1,396,354	7,339,801
d) Loans and advances	8	7,269,811	18,166,577
		18,814,900	98,323,201
Less : Current Liabilities and Provisions			
a) Liabilities	9	88,488,711	92,385,073
b) Provisions	10	743,906	3,479,715
		89,232,617	95,864,788
Net Current Assets		(70,417,717)	2,458,413
(4) (a) Miscellaneous Expenditure to the extent not written off adjusted	11	-	8,246,437
(b) Profit and loss account		-	42,675,557
TOTAL		194,842,629	512,161,436

SIGNIFICANT ACCOUNTING POLICIES

16

NOTES FORMING PART OF THE ACCOUNTS

17

As per our report of even date attached

For and on behalf of the Board of Directors

For BATLIBOI & PUROHIT

Chartered Accountants

R D HANGEKAR

Partner

Membership No.30615

Place : Mumbai

Date 31st July 2008

RAJNESH JAIN

Director

GIRISH JAIN

Director

VIJAY JOSHI

Company

Secretary

Place : Mumbai

Date 31st July 2008



KJMC Financial Services Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules	For the year ended 31.03.2008 (Rs.)	For the year ended 31.03.2007 (Rs.)
INCOME:			
Professional Fees and Other Income [TDS Rs. NIL (Rs. 420750/-)]	12	8,385,525	8,992,244
Interest Income [TDS Rs.7375/- (Rs. 267795/-)]		547,600	1,485,158
Sale of Shares		133,466	3,911,647
Profit on Sale of Investments		6,031,285	5,449,777
Trading Profit on shares		13,165	-
Profit on Sale of Asset		7,288	-
Closing Stock		146,591	374,329
Total (A)		15,264,920	20,213,155
EXPENDITURE :			
Opening Stock		374,329	605,207
Salaries and Allowances	13	1,352,242	1,602,256
Operating and Other Administration Expenses	14	3,783,682	1,404,480
Financial Charges	15	354,991	2,290,449
Loss on sale of Derivatives		1,941,475	-
Loss on sale of Assets		-	80,982
Deferred Insurance Charges Written Off		-	2,748,624
Debts written off		6,520	1,641,995
Preliminary and Share Issue Expenses written off		-	55,604
Total (B)		7,813,239	10,429,597
Profit before depreciation and Tax (A-B)		7,451,681	9,783,558
Depreciation		603,102	601,694
Profit before taxation		6,848,579	9,181,864
Less : Provision for Taxation	— Current	700,000	2,400,000
	— Deferred Tax / (Asset)	(2,711,731)	(1,042,532)
	— Fringe Benefit Tax	38,906	31,026
Profit After Taxes		8,821,404	7,793,370
Add : Prior Period Income / (Expenses)		(173,906)	20,065
Add : Surplus as per last account		-	49,295,643)
		8,647,498	(41,482,208)
Appropriations :			
Special Reserve		1,729,500	-
Redeemable Preference shares- Dividend		-	1,020,000
Tax on Dividend		-	173,349
Surplus - Balance Carried to Balance Sheet		6,917,998	(42,675,557)
EARNING PER EQUITY SHARES (Point 10 Schedule 17)			
(a) Basic Rupees		2.56	2.27
(b) Diluted Rupees		2.38	2.27
SIGNIFICANT ACCOUNTING POLICIES	16		
NOTES FORMING PART OF THE ACCOUNTS	17		
As per our report of even date attached For BATLIBOI & PUROHIT Chartered Accountants R D HANGEKAR Partner Membership No.30615 Place : Mumbai Date 31st July 2008		For and on behalf of the Board of Directors RAJNESH JAIN GIRISH JAIN VIJAY JOSHI Director Director Company Secretary Place : Mumbai Date 31st July 2008	