

KJMC FINANCIAL SERVICES LTD.

NBFC : No. B-13.01633
CIN:- L99999MH1988PLC047873

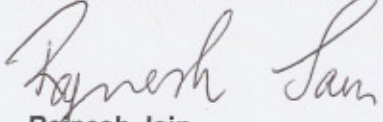


FORM A

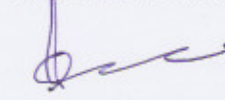
Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	KJMC Financial Services Limited
2.	Annual financial statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-Qualified
4.	Frequency of observation	N. A.

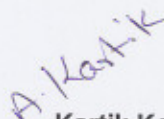
for KJMC Financial Services Limited


Rajnesh Jain
(Whole Time Director)

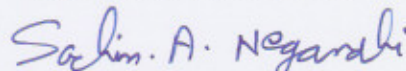
for KJMC Financial Services Limited


S. C. Aythora
(Chairman of Audit Committee)

for KJMC Financial Services Limited


Kartik Konar
(Chief Financial Officer)

For K. S. Aiyar & Co.
Chartered Accountant
Registration No. 100186W


Sachin A Negandhi (Partner)
Membership No. 112888

Date:

1 SEP 2014





KJMC
ADVICE MATTERS

KJMC FINANCIAL SERVICES LIMITED

26th
Annual Report
2013 - 2014

BOARD OF DIRECTORS

Mr. I. C. Jain	<i>Chairman</i>
Mr. Rajnesh Jain	<i>Whole Time Director</i>
Mr. R. R. Kumar	<i>Independent Director</i>
Mr. Girish Jain	<i>Director</i>
Mr. S. C. Aythora	<i>Independent Director</i>
Mr. Nitin Kulkarni	<i>Independent Director</i>

COMPANY SECRETARY

Mr. Sanjeev Singh Sengar

AUDITOR

K. S. Aiyar & Co.
Chartered Accountants,
F-7, Laxmi Mills,
Shakti Mills Lane,
Mahalaxmi, Mumbai - 400 011.

BANKERS

HDFC Bank Limited
Union Bank of India

REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.,
E-2 & 3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai - 400072.
Tel.No.022-4043 0200, Fax No. 022-28475207,
E-mail id: investor@bigshareonline.com
Counter Timings : 10.00 a.m. to 12.30 p.m. : 1.30 p.m. to 3.30 p.m.

REGISTERED OFFICE

162, 16th Floor, Atlanta,
Nariman Point, Mumbai – 400 021
Tel.No.: 022-4094 5500
Email : investor.finance@kjmc.com
CIN : L99999MH1988PLC047873

GROUP BRANCH OFFICE

New Delhi	Jaipur
221, Hans Bhawan, Bahadur Shah Zafar Marg, New Delhi - 110 002.	41, Jai Jawan Colony II, Tonk Road, Durgapur, Jaipur - 302 018.

TWENTY SIXTH ANNUAL GENERAL MEETING	
Date	: Saturday, 27th September, 2014
Time	: 10.45 a.m.
Venue	: S. K. Somani Memorial Hall Hindi Vidya Bhawan, 79 - Marine Drive, "F" Road, Mumbai - 400 020

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NOTICE

Notice is hereby given that Twenty Sixth Annual General Meeting of the Members of KJMC Financial Services Limited will be held on Saturday, 27th September, 2014 at 10.45 A.M. at S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 79 - Marin Drive, 'F' Road, Mumbai, to transact the following businesses :-

ORDINARY BUSINESS:-

1. To receive, consider and adopt the financial statement of the Company for the year ended March 31, 2014, including the Audited Balance Sheet as at March 31, 2014, the statement of Audited Profit and Loss for the year ended on that date, both on Standalone and Consolidated basis together with the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. I. C. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. K. S. Aiyar & Co., Chartered Accountants, the retiring Auditors of the Company, as Auditors of the Company and to fix their remuneration.

"RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and Rules made thereunder, and pursuant to the recommendations of the audit committee of the Board of Directors, M/s. K. S. Aiyar & Co., Chartered Accountants (Registration No. 100186W), be and are hereby appointed as the auditors of the Company, for 5 years to hold office from the conclusion of the this AGM to the conclusion of the 31st Annual General Meeting (Subject to the rectification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorised to fix such remuneration as may be determined by the audit committee in the consultation with the auditors.

SPECIAL BUSINESS:-

4. To consider and if deemed fit, to pass with or without modification, the following Resolution as a **Special Resolution**.

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Members be and is hereby accorded to the appointment of Mr. Rajnesh Jain (DIN: 00151988) as Whole-time Director (WTD) of the Company, for a period of 3 (three) years with effect from 11th August, 2014, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. Rajnesh Jain, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To appoint Mr. Sureshchandra C. Aythora (DIN: 00085407) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sureshchandra C. Aythora (DIN: 00085407), who was appointed as an Independent Director liable to retire by rotation and in respect of whom the Company has received a notice in writing as required under Section 160 of the

Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years w.e.f. 27th September, 2014 upto 26th September, 2019.

6. To appoint Mr. Nitin Vasant Kulkarni (DIN: 02297383), as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Nitin Vasant Kulkarni (DIN: 02297383), who was appointed as an Independent Director liable to retire by rotation, and in respect of whom the Company has received a notice in writing as required under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years w.e.f. 27th September, 2014 upto 26th September, 2019.

7. To appoint Mr. Raghunath Mohanlal Kumar (DIN: 00261227) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Raghunath Mohanlal Kumar (DIN: 00261227), who was appointed as an Independent Director liable to retire by rotation, and in respect of whom the Company has received a notice in writing as required under Section 160 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years w.e.f. 27th September, 2014 upto 26th September, 2019

**By Order of the Board
For KJMC Financial Services Limited**

**Sanjeev S. Sengar
Company Secretary**

Place: Mumbai
Date: 11th August, 2014

NOTES:

1. The Statement pursuant to Section 102 (1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF / HERSELF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's registered office not less than 48 hours before the commencement of the meeting. A proxy form for the AGM is enclosed.
4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
5. Members / proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act,

2013, will be available for inspection by the members at the AGM.

- 8 The Register of Members and Share Transfer Books will remain closed from 24th September, 2014 to 27th September, 2014 (both days inclusive) for the purpose of AGM.
- 9 Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose email addresses are registered with the Company / Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
- 10 Members may also note that the Notice of the 26th AGM and the Annual Report 2014 will be available on the Company's website, www.kjmc.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days.
- 11 Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchanges in respect of the Directors seeking appointment / re-appointment at the AGM are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment/re-appointment.
- 12 The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company/RTA.
- 13 All documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days up to the date of the AGM.
- 14 In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rules 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Equity Listing Agreement, the company is pleased to offer e-voting facility as an alternate to all the members of the company to enable them to cast their votes electronically instead of voting at the AGM. The e-voting is optional.
- 15 The Company has appointed Mr. S. S. Rauthan, Practising Company Secretary as a scrutinizer for conducting the e-voting and polling process at the Annual General meeting in a fair and transparent manner.
- 16 The scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two (2) witnesses, not in the employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 17 Please note that the members who have exercised their right to vote by electronic means shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with section 109 of the Companies Act, 2013 read with the relevant Rules.
- 18 Subject to the receipt of sufficient votes, the resolutions shall be deemed to be passed at the 26th annual general meeting of the Company scheduled to be held on Saturday, 27th September, 2014. The results along with the scrutinizer's report shall be placed on the Company's website www.kjmc.com, within two days of the passing of the resolutions at the 26th annual general meeting of the Company and shall also be communicated to the stock exchanges.

The procedure and instructions for e-voting are as under:-

- (i) The voting period begins on 21st September, 2014 (10:00 hrs) and ends on 23rd September, 2014 (18:00 hrs). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Log on to the e-voting website www.evotingindia.co.in.
- (iii) Now click on "Shareholders".
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For members holding shares in D-mat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio / client id number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT".
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the "KJMC Financial Services LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Notice of AGM.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

**By Order of the Board
For KJMC Financial Services Limited**

**Sanjeev S. Sengar
Company Secretary**

Place: Mumbai
Date: 11th August, 2014

ANNEXURE TO THE NOTICE

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO THE COMPANIES ACT, 2013 AND CLAUSE 49 OF THE LISTING AGREEMENT

(i) Mr. I. C. Jain

Name & Designation	Mr. I. C. Jain, Director
Date of Birth	07th November, 1939
Qualifications	B. Com, FCA
Expertise	He has over five decades of experience in Income Tax Counseling, Corporate Finance, Merchant Banking and Company Audit as a practising chartered accountant.
Directorship since	30/06/2000

Directorships / Committee Membership of Mr. I. C. Jain in the other companies:

Name of the Company	Committee Membership
KJMC Corporate Advisors (India) Limited	Member of Audit Committee Chairman of Share Transfer & Investor Grievance Committee
KJMC Investment Trust Company Limited	-
KJMC Shares and Securities Limited	-
KJMC Commodities Market India Limited	-
KJMC Realty Private Limited	-
KJMC Silver Properties Private Limited	-
Prathamesh Enterprises Private Limited	-
Port City Infrastructure Development (India) Limited	-

(ii) Mr. Rajnesh Jain:

Name & Designation	Mr. Rajnesh Jain, Whole Time Director
Date of Birth	31st January, 1967
Qualifications	B. Com, FCA
Expertise	Having vast experience in Corporate Finance, Financial Services, Merchant Banking, Capital Market and Fund Based Activities.
Directorship since	30/06/2001

Directorships / Committee Membership of Mr. Rajnesh Jain in other companies:

Name of the Company	Committee Membership
KJMC Corporate Advisors (India) Ltd	Member-Share Transfer/ Investors Grievances Committee.
KJMC Asset Management Company Limited	-
KJMC Capital Market Services Ltd.	Chairman - Audit Committee
KJMC Credit Marketing Limited	-
KJMC Commodities Market India Ltd.	-
KJMC Realty Pvt. Ltd.	-
KJMC Silver Properties Pvt. Ltd.	-
Port City Infrastructure Development (India) Ltd.	-
Prathamesh Enterprises Pvt. Ltd.	-

(iii) Mr. Sureshchandra C. Aythora:

Name & Designation	Mr. Sureshchandra C. Aythora, Independent Director
Date of Birth	10th January, 1951
Qualifications	B.Com (Hons), F.C.A.
Expertise	He has more than 27 years of experience in the field of Corporate Accounts, Audit, Taxation and Company Law matters.
Directorship since	09/06/2004

Directorships / Committee Membership of Mr. S. C. Aythora in other companies:

Name of the Company	Committee Membership
KJMC Corporate Advisors (India) Limited	Audit Committee - Member
KJMC Capital Market Services Limited	Member - Audit Committee
Gold Rock Investments Limited	Member - Audit Committee Chairman – Shareholders / Investors Grievance Committee
Gold Rock World Trade Limited	-
Gold Rock Metals Limited	-
Gold Rock Agro Tech Limited	-
Tridhar Finance & Trading Limited	-
Saryu Investment & Trading Private Limited	-
Sugata Investments Limited	-
Seattle Online Private Limited	-
Picanova Investments Private Limited	-
Blue Point Leasing Limited	-
Incite Infotech Private limited	-
Splendour Trade Place Private Limited	-
PankiRoadlines Private Limited	-
Aradhana Holdings Limited	-

(iv) **Mr. Nitin Kulkarni:**

Name & Designation	Mr. Nitin Kulkarni, Independent Director
Date of Birth	21st January, 1956
Qualifications	B.Com (Hons), F.C.A., A.C.S.
Expertise	He is a Practicing Chartered Accountant having more than 25 years experience in Corporate Accounts, Audit Taxation and Company Law Matters.
Directorship since	31/07/2008

Directorships/Committee Membership of Mr. Nitin Kulkarni in the other Companies:

Name of the Company	Committee Membership
KJMC Corporate Advisors (India) Limited	Chairman - Audit Committee Member - Share Transfer & Investor Grievance Committee

(v) **Mr. Raghunath Mohanlal Kumar (Mr. R. R. Kumar)**

Name & Designation	Mr. R. R. Kumar, Independent Director
Date of Birth	15th November, 1925
Qualifications	B.A., LL. B.
Expertise	Former Chairman of Union Bank of India, having vast experience in Banking Sector
Directorship since	05/10/1994

Directorships / Committee Membership of Shri R. R. Kumar in other Companies:

Name of the Company	Committee Chairmanship/ Membership
Haldyn Corporation Limited	
KJMC Corporate Advisors (India) Limited	
Golden Tobacco Limited	Chairman - Audit Committee Member- Shareholders Grievance Committee
IVP Limited	Member- Audit Committee
Golden Realty & Infrastructure Limited	
KJMC Asset Management Co. Ltd.	

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 4

The Remuneration Committee at its meeting held on 11th August, 2014 recommended appointment of Mr. Rajnesh Jain as a Whole-time Director (WTD) of the Company for a period of three years from 11th August, 2014 to 10th August, 2017, (both days inclusive) on the terms, conditions and Remuneration as set out herein. The Board of Directors, at their meeting held on 11th August, 2014 approved the appointment of Mr. Rajnesh Jain as Whole-time Director (WTD) of the Company on the recommendation of Remuneration Committee subject to the approval of the members at ensuing Annual General Meeting by way of Special Resolution. The Remuneration Committee and the Board of Directors are of the opinion that the appointment of Mr. Rajnesh Jain will be in the interest of the Company.

The material terms of remuneration payable to Mr. Rajnesh Jain are as under:

1. Basic Salary:

Rs. 1,53,000/- (Rupees One Lakh Fifty Three Thousand only) per month with such increases as may be decided by the Board of Directors (which includes any Committee thereof) from time to time.

2. Perquisites and allowances:

In addition to the Salary, the following perquisites, allowances shall be allowed:

- Reimbursement of medical expenses incurred for self and family in India or abroad, including hospitalization, nursing home and surgical charges and in case of medical treatment abroad, the air-fare, boarding/lodging for patient and attendant.
- Reimbursement of actual traveling expenses in India or Abroad for

proceeding on leave twice in a block of four years in respect of himself and family.

- Reimbursement of membership fees for clubs in India or abroad, including any admission / life membership fees
- Personal accident insurance policy.
- Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the Board of Directors from time to time.
- Reimbursement of entertainment expenses incurred in the course of business of the company.
- Company's contribution to provident fund and superannuation fund to the extent these either singly or put together are not taxable under the Income-tax Act.
- Gratuity at the rate of half month's salary for each year of service.
- Leave with full pay as per the rules of the company, with encashment of unavailed leave being allowed.
- Free use of Company's car along with driver for Company's works and Private purpose.
- Telephone, tele-fax and other communication facilities at company's cost.

Subject to any statutory ceiling/s, Mr. Rajnesh Jain may be given any other allowances, perquisites benefits and facilities as the Board of Directors from time to time may decide.

3. Valuation of perquisites:

Perquisites / Allowances shall be valued as per Income-tax rules, wherever applicable, and in the absence of any such rules, shall be valued at actual cost.

4. Other terms:

- No sitting fees shall be paid to Mr. Rajnesh Jain for attending the meetings of the Board of Directors or any Committee thereof, during his tenure as 'Whole Time Director' of the Company.
- Compensation for loss of office before the expiry of the terms of office would be payable to him as per the provisions of the Companies Act, 2013.

5. Minimum Remuneration:

The aforesaid remuneration in any one financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act as may, for the time being, be in force. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Whole Time Director, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of Salary, Perquisites and Allowances not exceeding the maximum limits laid down in Section II of Part II of Schedule V of the Companies Act, 2013, as may be agreed to the Board of Directors of the Company and Mr. Rajnesh Jain.

Information required to be given to members as per Schedule V of the Companies Act, 2013:

1.	Nature of Industry	Financial Services (NBFC)		
2.	Expected Date of Commencement of Commercial production	Not applicable		
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus.	Not Applicable		
4.	Financial performance based on given indicators.	As per the Audited Accounts of the Company for the following financial years: (₹in "000")		
		Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
		Total Revenue	6921	4716
		Profit Before Tax	671	824
		Profit for the period	1037	1446
5.	Export performance and net foreign exchange collaboration.	Not applicable		
6.	Foreign Investments or collaboration, if any	Not applicable		

Information about the appointee

1	Background details	Mr. Rajnesh Jain is an FCA, having vast experience in Corporate Finance, Financial Services, Merchant Banking, Capital Market and fund based activities including investments, fund based and non fund based working capital facilities and trade finance. He is also one of the promoters of the Company and associated with the Company for more than two decades. He holds 122335 (3.39%) equity shares of the Company. He has been Whole Time Director of the KJMC Corporate Advisors (India) Limited upto 11th August, 2014.
2	Past remuneration	Gross Salary Rs. 20,72,909/- per annum as Whole Time Director of the KJMC Corporate Advisors (India) Limited in previous financial year.
3	Job profile	Mr. Rajnesh Jain shall, subject to the directions, supervision and control of the Board of Directors of the Company, manage and conduct the business and affairs of your Company.
4	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).	The remuneration of the Mr. Rajnesh Jain as Whole Time Director is commensurate with remuneration of Board level positions in similar sized domestic companies, taking into consideration the responsibilities shouldered by him.
5	Remuneration proposed	As mentioned above
6	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Besides the proposed remuneration payable to him, he does not have any other pecuniary relationship with the Company or with the managerial personnel.

Other information:

1.	Reasons for inadequacy of profits	The company is exposed to specific risks that are peculiar to its business and the environment within which it operates including the economic cycle, market risk, etc. therefore, the profitability of the company varies accordingly. The company is exploring the new business avenues. Considering the Country's stable Central Government and economic outlook coupled with importance of financial services, your directors expect better performance of the Company in the coming years.
2.	Steps taken or proposed to be taken for improvement	
3.	Expected increase in productivity and profits in measurable terms	

The Board is of the opinion that his appointment as 'Whole Time Director' would be in the interest of your Company and, therefore, recommend the resolution for your approval.

None of the Directors and Key Managerial Personnel of the Company except Mr. Rajnesh Jain himself together with his relatives viz. Mr. I. C. Jain and Mr. Girish Jain are concerned or interested in this Resolution.

This explanatory statement together with the accompanying notice may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchange.

ITEM NO. 5, 6 & 7

Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar are Independent Directors of the Company. The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the

Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a Listed Company. It is proposed to appoint Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term of 5 (Five) consecutive years w.e.f. 27th September, 2014 upto 26th September, 2019.

In respect of proposed appointment of Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar, the Company has, as required by section 160 of the Companies Act, 2013, received notices in writing regarding their candidature for the office of the director. Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar, has submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6) and also consent to act as Director of the Company. Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar, are not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013.

In the opinion of the Board of Directors, Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar, the Independent Directors proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and they are independent of the Management.

A copy of the draft letter of appointment of Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar as an Independent Director.

No directors, key managerial personnel or their relatives, except Shri S. C. Aythora, Shri Nitin Kulkarni and Shri R. R. Kumar, to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item no. 5, 6 & 7 for the approval of the members.

**By Order of the Board
For KJMC Financial Services Limited**

**Sanjeev S. Sengar
Company Secretary**

Place: Mumbai
Date: 11th August, 2014

DIRECTORS REPORT

To,
The Members of
KJMC Financial Services Limited

Your Directors have pleasure in presenting the 26th Annual Report, together with the audited financial statement of the Company for the financial year ended 31st March, 2014.

FINANCIAL RESULTS

The performance of the Company for the financial year ended 31st March, 2014 is summarized below:

(₹ in "000")

Particulars	Standalone		Consolidated	
	Year Ended 31st March, 2014	Year Ended 31st March, 2013	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Total Income	6921	4716	7388	5026
Total Expenses	6250	3892	7000	4635
Profit before Tax	671	824	388	391
Less: Provision for Tax				
- Current Tax	-	112	10	125
- Deferred Tax	(366)	(214)	(366)	(214)
- MAT Credit	-	(111)	(10)	(124)
- Prior period taxes	-	(409)	-	(409)
Profit / (Loss) After Tax	1037	1446	754	1013
Add : Surplus B/F	17952	18016	16218	16715
Disposable Profits	18989	19462	16972	17728
Appropriations towards :				
Special Reserve	207	289	207	289
General Reserve	26	36	26	36
Dividend on 12% Non Cumulative Redeemable Preference Shares	-	1020	-	1020
Tax on Preference Dividend	-	165	-	165
Balance carried forward	18756	17952	16739	16218
EPS				
• Basic	0.31	0.08	0.23	(0.05)
• Diluted	0.25	0.08	0.18	(0.05)

PERFORMANCE REVIEW

During the year under review, your Company earned the gross income of ₹ 69.21 Lakhs as against ₹ 47.16 Lakhs in the previous year. The total expenditure during the year under review was ₹ 62.50 Lakhs as against ₹ 38.92 Lakhs in the previous year. The Net Profit after tax was ₹ 10.37 Lakhs as against ₹ 14.46 Lakhs in the previous year.

SHARE CAPITAL

During the reporting period, your Company has allotted:-

- 3,50,000 (Three Lacs Fifty Thousand) Equity Shares of Rs. 10/- each at a price of Rs. 20/- per share aggregate amounting to Rs. 70,00,000/- (Rupees Seventy Lacs only) to the Promoters of the Company pursuant to approval of members by special resolution passed in previous Annual General Meeting of the Company held on 28th September, 2013, and

- 85000, 0% Compulsory Convertible Preference Shares of Rs. 100/- each (CCPS) at a price of Rs. 200/- per share to one of the Promoters Group Company on Preferential basis in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 pursuant to approval of members on special resolution passed through postal ballot on 20th February, 2014. The CCPS are convertible into 850,000 equity shares within 18 months from the date of allotment of CCPS i.e. 28th February, 2014 at an offer price Rs. 20/- per share.

Therefore, the listed capital of your company get increases accordingly on account of said preferential allotments of shares.

DIVIDEND

In view of the inadequate profits, your Directors do not recommend any dividend on Equity Shares of the Company for the year under review.

RBI PRUDENTIAL NORMS

Since the Company does not accept and hold any public deposits, the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are not applicable to the Company as regard to capital adequacy requirement.

DIRECTORS

Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar are the existing Independent Directors of the Company. It is proposed to appoint Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar as Independent Directors under Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a terms of 5 (Five) consecutive years.

In respect of proposed appointment of Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar, the Company has, as required by section 160 of the Companies Act, 2013, received notices in writing regarding their candidature for the office of the independent director at the ensuing annual general meeting. Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar, has submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section (6) and also consent to act as Director of the Company. Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar, are not disqualified from being appointed as a director in terms of section 164 of the Companies Act, 2013.

Necessary resolutions are being proposed in the notice of the ensuing annual general meeting for the approval of the members for appointment of Mr. S. C. Aythora, Mr. Nitin Kulkarni and Mr. R. R. Kumar as an independent director of the Company for a term of 5 consecutive years w.e.f. 27th September, 2014 upto 26th September, 2019 pursuant to section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Board of Directors of the Company has appointed Mr. Rajnesh Jain (DIN: 00151988) as Whole-time Director (WTD) of the Company, for a period of 3 (three) years with effect from 11th August, 2014 in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Necessary resolution is being proposed in the notice of the ensuing annual general meeting for the approval of the members for his appointment as Whole-time Director (WTD) of the Company.

According to the Companies Act, 2013, at least two-thirds of the total number of directors (excluding independent directors) shall be liable to retire by rotation. For this purpose, considering the composition of the Board of Directors, Mr. I. C. Jain, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Necessary resolution for this purpose is being proposed in the notice of the ensuing annual general meeting for the approval of the members.

CHIEF FINANCIAL OFFICER (CFO)

Mr. Kartik Konar has appointed as Chief Financial Officer (CFO) of the Company with effect from 11th August, 2014 within a meaning of Section

203 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

PUBLIC DEPOSITS

The Company being a Non-Deposit Accepting Non-Banking Finance Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the Reserve Bank of India (RBI).

AUDITORS

M/s. K. S. Aiyar & Co., Mumbai, the Statutory Auditors of your Company retire at the ensuing Annual General Meeting and offer themselves for re-appointment. In accordance with Section 139 of the Companies Act, 2013 ('the Act') read with the Rules made thereunder, M/s. K. S. Aiyar & Co., Mumbai, may be appointed as the Statutory Auditors of the Company for a period of five years. They have also confirmed that their appointment, if made, shall be in accordance with the provisions of Section 139(1) of the Act read with Companies (Audit and Auditors) Rules, 2014 and that they satisfy the criteria given under Section 141 of the Act.

Members are requested to consider their appointment for a period of five years. The Audit committee and Board of Directors have recommended the appointment of M/s. K. S. Aiyar & Co., Chartered Accountants as the Statutory Auditors of your Company.

SUBSIDIARY COMPANIES

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of the Company.

In accordance with the general circular No. 2/2011 issued by the Ministry of Corporate Affairs, Government of India, the balance-sheet, Profit and Loss Account and other documents of the Subsidiary Companies are not attached to the Balance Sheet of the Company. However the financial information of the Subsidiary companies are disclosed in the Annual Report under the Consolidated Financial Statement in compliance with the said circular. The Company will make available the Annual Accounts of the Subsidiary companies and the related details information to any member of the company and that of the subsidiary companies who may be interested in obtaining the same. The annual accounts of the Company shall also be kept open for inspection at the Registered Office of the Company and that of respective subsidiary companies on any working day, except Saturdays, between 11.00 a.m. and 3.00 p.m. However, as required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the Consolidated Financial Statements of the Company include the financial results of the subsidiary companies.

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

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The Directors 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 31st March, 2013 and of the profit of the Company for that period;
3. The Directors 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. The Directors have prepared the annual accounts on a going concern basis.

The Board of Directors has taken sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified), to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

A report on the Management Discussion and Analysis for the financial year under review is annexed and forms part of the report.

LISTING OF SHARES

Equity Shares of the Company are listed with BSE Limited. The Annual listing fee for the financial year 2014-15 has been paid to the Bombay Stock Exchange Limited (BSE). The Company has complied with the delisting formalities with the Bhubaneswar Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited. Delisting approval from these exchanges are awaited.

FUTURE BUSINESS PLAN

The Board of Directors of your Company are looking continuously to increase and grow the business of the Company and also considering the new business proposal to start a Housing finance business through its subsidiary company as a special purpose vehicle (SPV).

PARTICULARS OF EMPLOYEES

Since there are no employees falling within the purview of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975 as amended, 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 were no earnings and outgo in foreign exchange during the year under review.

INSURANCE

The Company's fixed assets as well as current assets have been adequately insured.

ACKNOWLEDGMENT

The Board of Directors takes the opportunity to express its sincere appreciation for the support and co-operation from its members, Reserve Bank of India, banks, and Statutory and Regulatory Authorities.

The Board also wishes to place on record their sincere appreciation of the contribution made by the executives and employees for their dedication and commitment to the Company throughout the year.

For and on behalf of the Board of Directors

**Place: Mumbai
Date: 11th August, 2014**

**I. C. JAIN
CHAIRMAN**

MANAGEMENT DISCUSSION & ANALYSIS

OVERVIEW

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI), the Accounting Standards prescribed by the Institute of Chartered Accountants of India and the Generally Accepted Accounting Principles in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner and reasonably present our state of affairs, profits and cash flows for the year.

INDIAN ECONOMY

The financial system is an important growth fundamental for the Indian economy. Financial year 2013-14 (FY2014) was a difficult one for India's economy. Growth during the year 2012-13 (FY2013) and 2013-14 (FY2014) was 4.5% and 4.7% respectively.

NBFC SECTOR:

NBFCs have been regarded as important financial intermediaries particularly for the small-scale and retail sectors. There are two broad categories of NBFCs based on whether they accept public deposits, namely deposit taking NBFCs (NBFC-D) and non-deposit taking NBFCs (NBFC-ND). They play a very important role both from the macroeconomic perspective and the structure of the Indian financial system. NBFCs are preferred or even better alternatives to the conventional Banks for meeting various financial requirements of a business enterprise. In many cases, they offer quick and efficient services without making one to go through the maze of conventional banking formalities without compromising on credit quality.

Non-banking finance companies (NBFCs) continued to play a critical role in making financial services accessible to a wider set of India's population. Given their unique business models and, for many, their focus on operational excellence, NBFCs continue to strengthen their position in the financial services space in India.

1. BUSINESS AND INDUSTRY REVIEW:-

Your Company has been involved in providing fund based financial services and funding solutions to the Indian Corporate, Institutions, SME's etc. Your Company, along with its associates forms an integrated financial services group providing wide range of financial services to its clients such as need based funding, loan syndication, working capital syndication services, CDR advisory, Venture capital funding, project financing advisory, loan securitization and so on. The organization structure is designed to be flexible and customer focused to ensure effective control, supervision and consistency in standards across the organization.

2. FINANCIAL REVIEW

During the year under review, your Company earned the gross income of Rs. 69.21 Lakhs as against Rs. 47.16 Lakhs in the previous year. The total expenditure during the year under review was Rs. 62.50 Lakhs as against Rs. 38.92 Lakhs in the previous year. The Net Profit after tax was Rs. 10.37 Lakhs as against Rs. 14.46 Lakhs in the previous year. Your Directors expects better performance of the Company in the coming years.

3. BUSINESS OUTLOOK

Your Company will increase its product base as far as raising resources and deploying them in safe and profitable manner particularly in shares/securities of real estate companies and lending to MSME's where there is a vast development scope of profitable business. The Company will develop the following activities to improve its bottom line while taking absolute care to mitigate all the risk factors.

- I. Loan to renowned Real Estate Developers: Loans to reputed Real Estate Developers at project level for construction of commercial and residential properties mainly for partially (50% and above) completed projects.
- II. Retail Lending: The products will include
 - a. Housing Finance for properties located in Metros, Tier I and Tier II cities
 - b. Loan Against Property in Metros, Tier I and Tier II cities
 - c. Loan Against Securities in Metro cities
- III. Corporate Lending: The products will include
 - a. Secured Term loans for capital expenditure, working capital and brown field expansions
 - b. Acquisition and takeover financing
 - c. Leveraged Buy Outs (LBOs)
 - d. Bridge Financing

- e. Promoter and Margin Funding
- f. Structured customised debt financing solutions for corporate borrowers.
- g. Channel Sales financing to dealers for payment to suppliers towards branded items and other trade related finance

IV. Investment in Tax free Government securities/Corporate Bonds

V. Money market – dealing in Commercial Papers etc.

As far as Subsidiary Companies are concerned, your Company is working on plans to activate / expand them including looking for tie-ups / associations / joint ventures for implementing the business plans.

4. 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, competition risk, interest rate volatility, human resource risk and execution risk 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.

5. OPPORTUNITIES AND THREATS

Opportunities:

With the improvement in the outlook of the Indian economy and global growth prospects over the past few months and stable government at the centre, the Indian capital market is expected to perform well as is visible in current rally which has taken the markets to all time high levels.

- Margin Funding to traders and manufacturing units
- Investing in Private Equity of growing concerns
- Channel Sales Financing
- Promoter Funding
- Leveraging Corporate Relationship

Threats:

- increased competition from local and global players operating in India
- Slowing economy, tight monetary policy and continued high inflation leading to decelerating investment demand
- Regulatory changes
- Attraction and retention of human capital
- Volatile Economic Environment

6. 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.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

Your Company continues to lay great stress on its most valuable resource - people. Continuous training, both on the job and in an academic setting, is a critical input to ensure that employees at all levels are fully equipped to deliver a wide variety of products and services to the rapidly growing customer base of your Company. 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.

CORPORATE GOVERNANCE

In accordance with Clause 49 of the listing agreement with BSE Ltd., the report containing the details of Corporate Governance systems and processes is as under:

PHILOSOPHY OF CORPORATE GOVERNANCE

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 Committees 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. In addition the Company has appointed Compliance / Nodal officer for matters relating to RBI & Companies Act, etc.

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. Your Company will constantly endeavor to improve on these aspects on an ongoing basis.

2. BOARD OF DIRECTORS

The Company has a Non – Executive Chairman and the number of Independent Directors is one half of the total number of Directors. The Directors have been contributing their diversified knowledge, experience and expertise in respective areas of their specialization for the growth of the Company. During the Financial Year 2013-2014, Seven (7) Meetings of the Board of Directors were held on 29th May, 2013, 12th August, 2013, 28th August, 2013, 07th October, 2013, 13th November, 2013, 10th January, 2014 and 13th February, 2014.

The particulars of Directors as on 31st March, 2014 are as follows:

Sr. No.	Director	Category of Directorship	No. of BM Attended	Last AGM attended	*No. of Other Directorship Held	Committee Membership(s)	
						Chairman	Member
1	Mr. I. C. Jain	Chairman- Non Executive Director	7	Yes	8	1	3
2	Mr. R. R. Kumar	Non-Executive & Independent Director	7	Yes	6	1	2
3	Mr. Girish Jain	Non-Executive Director	7	Yes	8	1	3
4	Mr. Rajnesh Jain	Non-Executive Director	6	Yes	9	1	3
5	Mr. S.C. Aythora	Non-Executive & Independent Director	7	Yes	16	4	4
6	Mr. Nitin Kulkarni	Non-Executive & Independent Director	7	Yes	1	2	4

* includes directorships held in public and private limited companies.

Board Procedures:

The Agenda is circulated well in advance to the Board of Directors. 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 necessary. At the Board meetings, the Board is apprised of the overall performance of the Company.

3. AUDIT COMMITTEE

(a) Terms of Reference:

Pursuant to the provision of Section 292A of the Companies Act, 1956 and clause 49 of the Listing agreement, the Company has Qualified Audit Committee. The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of internal audit and management audit. The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements, fixing the audit fees and also approving the payment for any other services, reviewing the annual financial statements before submission to the Board, reviewing adequacy of internal control systems, structure and staffing of the internal audit function, reviewing findings of the internal investigations, etc.

The terms of reference and powers of the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Committee met four times during the year on 29th May, 2013, 12th August, 2013, 13th November, 2013 and 13th February, 2014.

(b) Composition:

During the year, the audit committee consisted of the following Directors:

Name of Director	Executive/Non-Executive/ independent	No. of Meetings attended during the year
Mr. S. C. Aythora	Chairman- Independent Director	4
Mr. I. C. Jain	Non Executive Director	4
Mr. Nitin Kulkarni	Independent Director	4

4. SUBSIDIARY COMPANIES

The Company has the following wholly owned subsidiary companies as on March 31, 2014:

- KJMC Asset Management Company Limited
- KJMC Investment Trust Company Limited

5. REMUNERATION COMMITTEE:

(a) Terms of Reference:

The Remuneration Committee was formed by the Board of Directors at their meeting held on 7th July, 2007 and re-constituted on 13th February, 2014. The terms of the reference of the Committee are 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 functions of the Committee are as under:

- 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 criteria for selection and appointment of Non-Executive Directors.

(b) Composition:

The Remuneration Committee consists of the following Directors:

Name of Director	Non-Executive/ independent
Mr. S. C. Aythora	Chairman- Independent Director
Mr. Nitin Kulkarni	Independent Director
Mr. Girish Jain	Non Executive Director

No Remuneration Committee Meeting was held during the year.

6. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

(a) Terms of Reference:

The role and functions of the Share Transfer and Investor's Grievances Committee are the effective redressal of the Complaints of the Shareholders regarding dematerialization, re-materialisation, 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 and Investor Grievance Committee. Accordingly, the Board of Directors formed a Share Transfer and Investor Grievance Committee, consisting of following Directors:

Name of Director	Executive/Non-Executive/Independent
Mr. Girish Jain	Chairman-Non Executive Director
Mr. Rajnesh Jain	Non Executive Director
Mr. Inder Chand Jain	Non Executive Director
Mr. Nitin Kulkarni	Independent Director

During the year, the Company has not received any complaint from the shareholders. As on 31st March, 2014, no transfer was pending. The Board has delegated the powers to approve transfer of securities allotted by the Company to this Committee. There were 5 meetings of the Committee held during the year to approve the transfer of shares lodged with the Company and to attend the investor's queries & complaints.

7. SITTING FEES:

Independent Directors are paid sitting fees of Rs. 4000/- for every meeting of the Board of Directors and Rs. 1000/- for every meeting of the Audit Committee attended by them. Sitting fees for the board meeting was increased from Rs. 2000/- to Rs. 4000/- w.e.f. 29th May, 2013.

The remuneration by way of sitting fees for attending Board and Audit Committee Meetings paid to Independent Directors are as follows:

Name of Director	Board Meeting	Audit Committee
Mr. R. R. Kumar	26000/-	-
Mr. S. C. Aythora	26000/-	4,000/-
Mr. Nitin Kulkarni	26000/-	4,000/-

8. GENERAL BODY MEETINGS:

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

Year	AGM	Location	Date	Time	Special Resolutions
2012-13	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	28/09/2013	10.45 A.M.	*
2011-12	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	20/09/2012	2.00 P.M.	-
2010-11	AGM	S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai	24/09/2011	3.30 P.M.	-

*Special Resolution u/s 81(1A) of the Companies Act, 1956 for preferential allotment of 3,50,000 equity shares to the promoters of the Company was put through in the previous AGM

Postal ballot

Special Resolution u/s 81(1A) of the Companies Act, 1956 for preferential allotment of 85,000, 0% Compulsory Convertible Preference Shares (CCPS) to one of the Promoter Group Company was put through postal ballot on 20th February, 2014. Mr. S. S. Rauthan, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. The result of the postal ballot was communicated to the BSE Ltd. and displayed at the registered office of the Company on 20th February, 2014.

No special resolution proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

9. 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 posted on the website of the Company and necessary declaration has been obtained.

10. DISCLOSURES

- None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with related parties are disclosed in the Note no. 30 to Notes to the financial statements.
- The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.
- The Company has complied with all the mandatory requirements of the Corporate Governance.
- The Company do not have any Whistle Blower Policy. However, any employee would not be denied access to the Audit Committee.
- The Company has no executive Director during the financial year 2013-14, all the Directors were non-executive and no remuneration has been paid to any of the Non Executive Directors during the year except the sitting fees paid to Non Executive Independent Directors.
- Mr. S. C. Aythora and Mr. Nitin Kulkarni, independent Directors hold 350 and 250 equity shares of the Company respectively.

11. CEO/CFO Certification

In terms of the requirements of Clause 49(V) of the Listing Agreement, a CEO/CFO Certificate on the financial statements of the Company is placed before the Board.

12. MEANS OF COMMUNICATION

The Company has promptly reported all material information including quarterly results to BSE Limited, where the Company's securities are listed. 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, 2014
Time : 10.45 a.m.
Venue : S. K. Somani Memorial Hall, Hindi Vidya Bhavan, 'F' Road, Marine Lines, Mumbai – 400 020

2. Book Closure :

Wednesday, 24th September, 2014 to, Saturday, 27th September, 2014 (both days inclusive)

3. Dividend Payment Date

No dividend recommended on the Equity Shares of the Company.

4. Financial Calendar (tentative) :

Financial Reporting for the Financial Year 2014-15	Tentative month of reporting
Un-audited Financial Results for the quarter ending 30th June, 2014	On or before 14th August, 2014
Un-audited Financial Results for the half year ending 30th September, 2014	On or before 15th November, 2014
Un-audited Financial Results for the quarter ending 31st December, 2014	On or before 15th February, 2015
Audited Financial Results for the year ending 31st March, 2015	On or before 30th May, 2015

5. Listing of Equity Shares on Stock Exchanges:

- Equity Shares of the Company are listed on BSE Limited, Mumbai (BSE). Annual listing fee for the year 2014-2015 has been paid to the BSE Limited, Mumbai.
- The Company has complied with the delisting formalities with the Bhubaneswar Stock Exchange Association Limited and The Calcutta

Stock Exchange Association Limited. Delisting approval from these exchanges are awaited.

6. Stock Code:

- (i) BSE Limited, Mumbai (BSE): B-530235
(ii) ISIN - INE533C01018

7. Stock Price Data:

Month wise high and low price of the Company's Shares at BSE Limited (BSE) from April, 2013 to March, 2014.

Month	BSE	
	High (₹)	Low (₹)
April 2013	19	18.5
May 2013	-	-
June 2013	19.95	19.25
July 2013	20	20
August 2013	19.05	19.05
September 2013	19.95	19
October 2013	19	19
November 2013	-	-
December 2013	-	-
January 2014	18.25	18.25
February 2014	18	18
March 2014	17.8	16.35

8. Compliance Officer:

Mr. Sanjeev Singh Sengar, Company Secretary & Compliance Officer 162, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021 Ph: 022- 40945500, email: cosec@kjmc.com

9. Address For Correspondence:

Shareholders can correspond to:

Secretarial Department: 162, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.

Or

Registrar & Transfer Agent:- Bigshare Services Pvt. Ltd., E-2 & 3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400072, Tel.No.022 - 4043 0200, Fax No. 022 - 28475207, email id: investor@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.

10. Share Transfer System

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

11. De-materialisation 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 2014, out of total Equity Capital 34,85,740 Equity Shares, 3173759 Equity Shares representing 91.05 % of the total Equity Shares are held in de-materialized form with NSDL and CDSL.

12. Distribution of Shareholding as on 31st March, 2014

Range in rupees	Number of Shareholders	% of Total Holders
Upto 5000	3646	96.84
5001 to 10000	39	1.04
10001 to 20000	23	0.61
20001 to 30000	5	0.13
30001 to 40000	8	0.21
40001 to 50000	8	0.21
50001 to 100000	10	0.27
100001 and above	26	0.69
TOTAL	3765	100%

13. Shareholding Pattern as on 31st March, 2014

Cat. Code	Category of Shareholder	Total No. of % Share held	Shares holding
A.	Shareholding of Promoter and Promoter Group		
1	Indian		
(a)	Individuals / Hindu Undivided Family	2006977	57.58
(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)	2006977	57.58
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	2006977	57.58
(B)	Public Shareholding		
1	Institutions		
(a)	Mutual Funds / UTI	0	0
(b)	Financial Institutions / Banks	65400	1.88
(c)	Central Govt. / State Govt.	7050	0.20
(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	2.08
2	Non-Institutions		
(a)	Bodies Corporate / Trust	613045	17.59
(b)(i)	Individuals-shareholders holding normal Share Capital up to Rs. 1 Lac	459199	13.17
(b)(ii)	Individuals-shareholders holding normal Share Capital in excess of Rs. 1 Lac	332900	9.55
(c)	Qualified Foreign Investors		
(d)	Any other	0	0
	-Trust	0	0
	-Clearing Members	51	0.002
	-Directors/Relatives	600	0.020
	-Employees	0	0
	-NRIs	518	0.015
	-OCB's	0	0
	Sub Total B(2)	1406316	40.34
	Total Public Shareholding B=B(1) + B(2)	1478763	42.42
	Total (A) + (B)	3485740	100.00
C	Shares held by Custodians and against which Depository receipts have been issued		
		0	0
	Grand Total	3485740	100.00

Note: The total foreign shareholding as on 31st March, 2014, is 518 Equity shares, which is 0.0149% of the issued, subscribed and paid up capital of the Company.

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

As required by Clause 49(I)(D) of the Listing Agreement with the Stock Exchange(s), it is hereby declared that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct of the Company for the year ended 31st March, 2014.

For and on behalf of the Board of Directors

I. C. JAIN
CHAIRMAN

Place: Mumbai

Date: 11th August, 2014

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**To the Members of KJMC Financial Services Limited,**

We have examined the compliance of conditions of Corporate Governance by KJMC Financial Services Limited ("the Company") for the financial year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For K. S. AIYAR & CO.
Chartered Accountants
ICAI Firm Registration No.100186W

Sachin A. Negandhi
Partner
(Membership No. 112888)

Place: Mumbai

Date: 11th August, 2014

Independent Auditors' Report**To the Members of KJMC FINANCIAL SERVICES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of KJMC FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act') which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required under provisions of section 227(3) of the Companies Act, 1956, 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 which shall continue to apply in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 issued by

the Ministry of Corporate Affairs;

- e) on the basis of the written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors of the Company is disqualified as on March 31, 2014 from being appointed as a director, in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **K. S. AIYAR & CO.**
Chartered Accountants
ICAI Firm Registration No.100186W

Sachin A. Negandhi
Partner
(Membership No. 112888)

Place: Mumbai
Date: May 29, 2014

Annexure to the Auditors' Report

The Annexure referred to in our report to the members of KJMC FINANCIAL SERVICES LIMITED ('the Company') for the year ended March 31, 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
(c) According to the information and explanations given to us, no fixed assets were disposed off during the year.
- (ii) The Company does not have inventory. Accordingly, clause 4 (ii) (a), (b) & (c) of the Order are not applicable.
- (iii) (a) As informed, Company has not granted any loans, secured or unsecured to the companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub – clause (b), (c) & (d) are not applicable.
(e) As informed, Company has not taken any loans, secured or unsecured from the companies, firms or parties covered in the register maintained under Section 301 of the Act. Accordingly, sub-clauses (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act 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, the transactions made in pursuance of contracts or arrangements referred to in (v)(a) have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) According to the information and explanations given to us, the Company has not accepted deposits from the public during the period covered by our audit report. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal in this regard in the case of the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have been informed that the Company is not required to maintain cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, which has been relied upon.
- (ix) (a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it have been generally regularly deposited during the period with the appropriate authorities.
According to the information and explanations given to us, there are

no undisputed dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other material statutory dues were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

- (b) According to the information & explanations given to us, dues in respect of income tax which have not been deposited with appropriate authorities on account of disputes are mentioned below:

Name of the Statute	Nature of dues	Amount(₹ in thousands)	Assessment Year to it relates	Forum where dispute is pending
Income Tax	Income Tax Act	157	2009-10	ITAT- Mumbai

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedure and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues of any financial institution, bank. The Company does not have any outstanding debentures.
- (xii) Based on our examination of the records and the information and explanations given to us, we are of the opinion that 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 and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) 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 in respect of dealing or trading in shares and securities 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) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to the information and explanation given to us, on an overall basis, the term loans have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis aggregating to ₹ 28715 ('000's) have been used for long-term investment in fixed assets, non-current investment and other assets of the Company.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act and in our opinion and according to the information and explanation given to us, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, no debentures were issued during the period.
- (xx) The Company has not raised any money by way of public issue during the period. Therefore, the provision of clause (xx) of the order is not applicable to the Company.
- (xxi) According to the information and explanations furnished by the management, which has been relied upon by us, there were no frauds on or by the Company noticed or reported during the course of our audit.

For **K. S. AIYAR & CO.**
Chartered Accountants
ICAI Firm Registration No.100186W

Sachin A. Negandhi
Partner
(Membership No. 112888)

Place: Mumbai
Date: May 29, 2014

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in '000')

PARTICULARS	NOTE NO.	As at 31.03.2014	As at 31.03.2013
(I) EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	43,357	39,857
(b) Reserves and Surplus	3	85,399	80,862
Non-Current Liabilities			
(a) Long term Borrowings	4	1,236	1,609
(b) Other Long term Liabilities	5	45,755	63,675
Current Liabilities			
(a) Short Term Borrowings	6	29,962	27,525
(b) Trade Payables	7	452	222
(c) Other Current Liabilities	8	389	351
(d) Short Term Provisions	9	234	1,521
TOTAL		206,784	215,622
(II) ASSETS			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible assets		6,899	7,982
(ii) Intangible Assets		-	6
(b) Non-Current Investments	11	181,547	183,471
(c) Deferred Tax Assets (Net)	12	13,210	12,844
(d) Long-term Loans and Advances	13	2,807	2,638
(e) Other Non Current Assets	14	-	74
Current Assets			
(a) Current Investments	15	1,400	-
(b) Cash and Bank Balances	16	682	459
(c) Short-term Loans and Advances	17	155	7,796
(d) Other Current Assets	18	84	352
TOTAL		206,784	215,622

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 34

As per our report of even date attached
For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W

For and on behalf of the Board of Directors

Sachin A Negandhi
Partner
Membership No. 112888
Place : Mumbai
Date : 29th May 2014

I.C.Jain **Girish Jain** **Sanjeev S. Sengar**
Chairman Director Company Secretary

Place : Mumbai
Date : 29th May 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in '000')

PARTICULARS	NOTE NO.	As at year ended 31.03.2014	As at year ended 31.03.2013
Revenue from Operations	19	5,190	3,344
Other Income	20	1,731	1,372
Total Revenue		6,921	4,716
Expenses:			
Employee Benefits Expenses	21	2,256	1,350
Finance Costs	22	924	635
Depreciation and Amortization Expenses	10	1,089	378
Other Expenses	23	1,981	1,528
Total Expenses		6,250	3,892
Profit Before Tax		671	824
Tax Expense:			
(1) Current tax		-	112
(2) Deferred tax		(366)	(214)
(3) MAT Credit		-	(111)
(4) Prior period Taxes		-	(409)
		(366)	(622)
Profit/(Loss) for the Period		1,037	1,446
Earnings per equity share:			
(1) Basic		0.31	0.08
(2) Diluted		0.25	0.08

Significant Accounting Policies and Notes to Accounts
The above notes are integral part of the financial statements

1 to 34

As per our report of even date attached

For K.S. Aiyar & Co.

Chartered Accountants

Registration No: 100186W

For and on behalf of the Board of Directors**Sachin A Negandhi**

Partner

Membership No. 112888

Place : Mumbai

Date : 29th May 2014

I.C.Jain

Chairman

Girish Jain

Director

Sanjeev S. Sengar

Company Secretary

Place : Mumbai

Date : 29th May 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in '000')

PARTICULARS		For the year ended 31.03.2014	For the year ended 31.03.2013
A	Net Profit Before Tax and Extraordinary Items	671	824
	Adjustment for:		
	Depreciation	1,089	378
	(Profit)/Loss on Sale of Investments	(4,457)	(1,346)
	Provision for Standard Assets	(267)	336
	Interest and Financial Charges	924	635
	Interest Income	608	(1,873)
	Dividend Income	(944)	(612)
	Operating Profit Before Working Capital Changes	(2,376)	(1,658)
	Changes in Working Capital :		
	(Increase)/Decrease in Trade and Other Receivable	-	-
	(Increase)/Decrease in Loans and Advances	7,472	(7,761)
	(Increase)/Decrease in Other current and non current assets	341	(319)
	Increase/(Decrease) in Trade Payable and Other Liabilities	(18,672)	13,408
	(Increase)/ Decrease in Working Capital	(10,859)	5,328
	Cash generated from Operations	(13,236)	3,670
	Direct Taxes Paid (Net of Refund)	-	961
	Earlier year Taxes	-	(409)
	Cash Flow Before Extraordinary Items	(13,236)	3,117
	Extraordinary Items	-	-
	Net Cash flow from Operating Activities	(13,236)	3,117
B	Cash Flow from Investment Activities		
	Purchase of Fixed Assets	-	(2,988)
	Purchase of Investments	(39,040)	(74,494)
	Sale of Investments	44,021	68,691
	Interest Income	(608)	1,873
	Dividend Income	944	612
	Net Cash Flow from Investing Activities	5,317	(6,307)
C	Cash Flow From Financing Activities		
	Loan Taken-Secured	5,642	4,124
	Loan Repaid-Secured	(3,576)	-
	Issue of Equity Shares	7,000	-
	Issue of 0% Compulsory Convertible Preference Shares	17,000	-
	Redemption of 12% Non Cum Redemable Preference Shares	(17,000)	-
	Interest and Finance Charges	(924)	(635)
	Dividend tax paid	-	(165)
	Dividend Paid	-	(1,020)
	Net Cash Flow from Financing Activities	8,142	2,304
	Net Increase in Cash and Cash Equivalents	223	(885)
	Cash and Cash Equivalents at the beginning of the Year *	459	1,344
	Cash and Cash Equivalents at the close of the Year *	682	459
*	Cash and Cash Equivalents comprise of :		
	Cash in hand	32	36
	Balance in current account	650	423
	Total	682	459

Note : The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statements specified in the Companies (Accounting Standards) Rules, 2006

For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W

For and on behalf of the Board of Directors

Sachin A Negandhi
Partner
Membership No. 112888
Place : Mumbai
Date : 29th May 2014

I.C.Jain
Chairman

Girish Jain
Director

Sanjeev S. Sengar
Company Secretary

Place : Mumbai
Date : 29th May 2014

NOTE TO FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

Company Overview:

KJMC Financial Services Limited is a flagship company of the KJMC Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in non banking financial operations without accepting public deposits and is regulated by the provisions of Reserve Bank of India Act, 1934.

Note -1

SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of Accounting:

The accounting financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 in material respect and to the extent applicable.

b. Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made which affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

c. Investments

i) **Current Investments:** Current investments are valued at the lower of cost arrived on weighted average basis or fair value.

ii) **Non Current Investments:** A provision is made for diminution other than temporary in nature. These are intended to be held for a period of more than one year from the date of the investment and are valued at cost. The cost is determined on weighted average method basis.

d. Fixed Assets and Depreciation:

Tangible Fixed Assets:

Tangible Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost of capitalization and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided under the written down value method, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

Intangible Fixed Assets:

Intangible Fixed Assets are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are recognized at cost less accumulated amortization. Intangible assets are amortized systematically on straight line basis over its useful life of 3 years.

e. Taxation:

Tax expense comprises of current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

f. Revenue Recognition:

Revenue from Professional fees & Consultancy charges, Income from Brokerage & interest on loans and Inter Corporate Deposits and lease rent are recognized as and when there is reasonable certainty of its ultimate realization and on completion of the assignment.

Non Performing Assets:

Income is not recognized in respect of Non Performing Assets, if any, as per guidelines for prudential norms prescribed by Reserve bank of India. (RBI)

Dividend:

Dividend Income is recognized when the Company's right to receive is established by the reporting date.

g. Foreign Currency Transactions

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions.

Foreign currency current assets and current liabilities outstanding at the year end are translated at the year end exchange rate and unrealized exchange gain or loss is recognized in the Statement of Profit and Loss.

Realized exchange gain/loss on foreign transactions during the year is recognized in the Statement of Profit and Loss.

h. Derivative Transactions:

In accordance with the ICAI announcement, derivatives contracts, other than foreign contracts covered under AS 11, are marked to market on a portfolio basis, and the loss if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit & Loss.

i. Stock in Trade:

Stocks of shares are valued at the lower of cost arrived on weighted average basis or fair value.

j. Employee Benefits:

i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

ii) The company is exempted from Payment of Gratuity Act, 1972 in view of its strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.

iii) Leave Encashment is not provided for on actuarial basis in view of the employees being less than 10 and the same is charged on actual basis.

k. Provisions, Contingent Liabilities & Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

l. Earnings per Share:

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the Weighted Average Number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the Weighted Average Number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 2: Share Capital		
Authorised:		
35,000,000 (Previous Year: 35,000,000) Equity Shares of ₹ 10/- each	350,000	350,000
85,000 (Previous Year: 1,500,000) Redeemable Preference shares of ₹ 100/- each	8,500	150,000
85,000 (Previous Year: Nil) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	8,500	-
13,30,000 (Previous Year: Nil) Preference Shares of ₹ 100/- each	133,000	-
	500,000	500,000
Issued,Subscribed and Paid up:		
3,485,740 (Previous Year: 3,135,740) Equity Shares of ₹ 10/- each fully paid up	34,857	31,357
Nil (Previous Year: 85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up	-	8,500
12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- are redeemable after the expiry of one year but before expiry of 20 years from the date of allotment.		
85,000 (Previous Year: Nil) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each fully paid up		
0% Compulsorily Convertible Preference Shares of ₹ 100/- are convertible within eighteen months from the date of allotment.		
	8,500	-
	43,357	39,857

Additional Information:

(a) Reconciliation of Shares outstanding at the beginning and at the end of the year

(₹ in '000')

	Equity Shares			
	2013-14		2012-13	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	3,135,740	31,357	3,135,740	31,357
Shares Issued during the year	350,000	3,500	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,485,740	34,857	3,135,740	31,357

	12% Preference Shares			
	2013-14		2012-13	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	85,000	8,500	85,000	8,500
Shares Issued during the year	-	-	-	-
Shares redeemed during the year	85,000	8,500	-	-
Shares outstanding at the end of the year	-	-	85,000	8,500

	0% Preference Shares			
	2013-14		2012-13	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	85,000	8,500	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	85,000	8,500	-	-

(b) Terms and Rights attached to Equity Shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shareholders holding more than 5% shares in the Company:

Equity Shares of ₹ 10 each	As at 31-03-2014		At at 31-03-2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Inder Chand Jain	1,221,354	35.04%	1,008,354	32.16%
I. C. Jain HUF	267,065	7.66%	220,500	7.03%
12% Non-Cumulative Redeemable Preference Shares (persons holding more than 5% of the share capital)				
KJMC Corporate Advisors (India) Limited (Formerly known as KJMC Global Market (India) Limited)	-	-	85,000	100.00%
0% Compulsorily Convertible Preference Shares (persons holding more than 5% of the share capital)				
KJMC Corporate Advisors (India) Limited (Formerly known as KJMC Global Market (India) Limited)	85,000	100.00%	-	-

(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 3 : Reserves and Surplus		
Securities Premium Reserve		
As per last balance sheet	4,160	4,160
Add : Received during the year	12,000	-
Less: Deduction during the year	8,500	-
Closing Balance	7,660	4,160
General Reserve :		
As per last balance sheet	2,301	2,265
Add : Addition during the year	26	36
Less: Deduction during the year	-	-
Closing Balance	2,327	2,301
Capital Redemption Reserve :		
As per last balance sheet	49,900	49,900
Add : Addition during the year	-	-
Less: Deduction during the year	-	-
Closing Balance	49,900	49,900
Special Reserve		
As per last balance sheet	6,549	6,260
Add : Addition during the year	207	289
Less : Deduction during the year	-	-
Closing Balance	6,756	6,549
Surplus/(Deficit) in the statement of profit and loss		
Balance brought forward from last period / year	17,952	18,016
Profit for the Year	1,037	1,446

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 3 : Reserves and Surplus		
Amount available for appropriation	18,989	19,462
Less : Appropriations		
a) Proposed Preference Share Dividend	-	1,020
b) Tax on Proposed Preference Dividend	-	165
c) Special Reserve *	207	289
d) General Reserve	26	36
Balance carried forward	18,756	17,952
Total	85,399	80,862

* 20% of the Net Profit After Tax is transferred to Special Reserve as required u/s 45IC of RBI Guidelines, 1934. (₹ in '000')

Particulars	Non-Current Maturities		Current Maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Note - 4: Long Term Borrowings				
Term Loans:				
From Bank (Secured):	-	-	-	-
From other (Secured):				
Vehicle Loan	1,236	1,609	373	338
(Refer Additional Information below)				
Amount disclosed under the head				
"Other Current Liabilities"			(373)	(338)
(refer Note-8)				
NET AMOUNT	1,236	1,609	-	-

**Additional Information:
Vehicle Loan**

Particulars	Amount of Loan (₹ In '000)	Interest rate % p.a	Installment Amount (₹ In '000)	No. of Outstanding Installments as on date
Secured by vehicle bought under loan and repayable in 59 Equated monthly installments	2007	9.96	43	45

(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 5: Other Long Term Liabilities		
Security Deposits (Unsecured) from Related Parties :	45,755	63,675
	<u>45,755</u>	<u>63,675</u>
Note - 6: Short Term Borrowings		
Cash credit from bank repayable on demand (Secured) (Cash credit from bank is secured against equitable mortgage of premises belonging to the Company and a related party and Corporate Guarantee given by the related party. The cash credit is repayable on demand and carries interest @ Base Rate + 3.00%.)	29,962	24,321

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(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Loan from Non-Banking Financial Company (Secured) (Loans secured against pledge of shares bearing an interest rate of 13.00%, repayable on demand.)	-	3,204
	<u>29,962</u>	<u>27,525</u>
Note - 7: Trade Payables		
Due to Micro, Small & Medium Enterprises	-	-
Others	452	222
(The above details have been given to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors)	<u>452</u>	<u>222</u>
Note - 8: Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note - 4)	373	338
TDS Payable	16	13
	<u>389</u>	<u>351</u>
Note - 9: Short Term Provisions		
Proposed Preference Share dividend	-	1,020
Dividend Distribution Tax	165	165
Contingent Provision against Standard/Sub - Standard Assets	69	336
	<u>234</u>	<u>1,521</u>

Note - 10: Fixed Assets -Tangible

(₹ in '000')

Description	Gross Block				Depreciation				Net Block	
	As on 01.04.2013	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As on 31.03.2014	As on 01.04.2013	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
Building	10,849	-	-	10,849	6,538	216	-	6,754	4,095	4,311
Computers	10	-	-	10	10	-	-	10	-	-
Furniture & Fixtures	6,646	-	-	6,646	6,094	100	-	6,194	453	553
Office Equipments	2,117	-	-	2,117	1,785	46	-	1,832	285	331
Vehicles	2,792	-	-	2,792	5	721	-	727	2,065	2,787
Total (A)	22,414	-	-	22,414	14,432	1,083	-	15,515	6,899	7,982
Previous Year	19,427	2,987	-	22,414	14,066	366	-	14,432	7,982	

Fixed Assets - Intangible

Description	Gross Block				Depreciation				Net Block	
	As on 01.04.2013	Additions/ Adjustments during the year	Sale/ Adjustments during the year	As on 31.03.2014	As on 01.04.2013	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
Computer Software	36	-	-	36	30	6	-	36	-	6
Total (B)	36	-	-	36	30	6	-	36	-	6
Previous Year	36	-	-	36	18	12	-	30	6	
Total (A+B)	22,450	-	-	22,450	14,462	1,089	-	15,551	6,899	7,988
Previous Year	19,463	2,987	-	22,450	14,084	378	-	14,462	7,988	

(₹ in '000')

Sr No.	Particulars	FV (₹)	As at 31.03.2014		As at 31.03.2013	
			Qty (Nos)	Amount	Qty (Nos)	Amount
	Note - 11: Non-Current Investments					
	Non- Trade-Quoted					
	Investment in Equity Shares					
1	Bhartiya International Limited	10	-	-	7,000	859
2	Dhanuka Agritech Limited	2	4,500	894	55,025	6,020
3	Dena Bank	10	10,000	617	-	-
4	DQ Entertainment (International) Limited	10	5,166	658	5,741	732
5	Dredging Corporation Of India Limited	10	1,800	1,715	1,800	1,715
6	Everest Kanto Cylinder Limited	2	2,000	344	2,000	344
7	Federal Mogul Goetze (India) Ltd	10	2,750	543	-	-
8	Finolex Cables Ltd	2	81,991	4,370	-	-
9	Global Offshore Services Ltd	10	6,500	572	-	-
10	HBL Power Systems Limited	1	29,750	1,149	29,750	1,149
11	Himachal Futuristics Communications Limited	1	-	-	10,000	425
12	Hindustan Copper Limited	5	4	3	4	3
13	Hotline Glass Limited	10	37,549	-	37,549	-
14	IDBI Bank Limited	10	-	-	200	39
15	ICICI Bank Limited	10	-	-	1,000	1,369
16	IL&FS Engineering and Constructuion Company Ltd	10	2,000	80	-	-
17	Indiabulls Infrastructure and Power Limited	2	5,900	421	5,900	421
18	Indiabulls Real Estate Limited	2	2,000	1,008	2,000	1,008
19	Indiabulls Wholesale Services Limited	2	250	14	250	14
20	IPCA Laboratories Ltd	2	1,500	1,270	-	-
21	KDL Biotech Ltd	10	10	-	-	-
22	Lakshmi Vilas Bank Ltd	10	20,000	1,239	-	-
23	NHPC Limited.	10	31,082	1,382	76,963	3,422
24	Om Metals & Infraprojects Limited	1	5,000	426	5,000	426
25	MT Educare Limited	10	-	-	1,000	110
26	Poly Medicure Limited	10	275,119	38,674	143,809	40,431
27	Radico Khaitan Ltd	2	2,000	331	-	-
28	Reliance Infrastructure Limited	10	1,150	1,625	1,150	1,625
29	Reliance Industrial Infrastructure Limited	10	300	669	300	669
30	Reliance Industries Limited	10	418	634	418	634
31	Shree Ram Mills Limited.	10	5,000	976	5,000	976
32	Shasun Pharmaceuticals Limited	2	45,000	4,877	45,000	4,877
33	Shree Vindhya Paper Mills Limited	10	1	-	1	-
34	Styrolution ABS (I) Ltd.	10	3,378	1,313	-	-
35	Wockhardt Ltd	5	650	290	-	-
	SUB-TOTAL (A)			66,091		67,266
	Non-Trade -Unquoted					
	Investment in Equity Shares					
	In Subsidiaries					
1	KJMC Asset Management Co.Limited	10	10,250,000	113,263	10,250,000	113,263
2	KJMC Investment Trust Co.Limited	10	150,000	1,500	150,000	1,500
				114,763		114,763
	In Associates					
1	KJMC Platinum Builders Private Limited	10	65,300	653	65,300	653
2	KJMC Realty Private Limited	10	4,000	40	4,000	40
				693		693

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(₹ in '000')

Sr No.	Particulars	FV (₹)	As at 31.03.2014		As at 31.03.2013	
			Qty (Nos)	Amount	Qty (Nos)	Amount
C	In other companies					
1	DR. Modi's Karjat Health Resort Limited	10	-	-	50,000	750
2	Prime Pictures Limited	10	25,000	-	25,000	-
				-		750
	SUB - TOTAL (B)			115,456		116,206
	TOTAL (A + B)			181,547		183,471
	Aggregate amount of quoted Investment			66,091		67,266
	Aggregate Market Value of quoted Investment			148,864		80,928
	Aggregate amount of unquoted Investment			115,456		116,206
	Aggregate provision for diminution in value of investments			NIL		NIL

(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 12: Deferred Taxation		
Deferred Tax Assets		
Business Loss	2,424	2,207
Unabsorbed Depreciation	217	212
Unabsorbed Long Term Capital Loss	11,388	11,388
	14,029	13,807
Deferred Tax Liability		
Fixed Assets	819	963
Deferred tax Asset/(Liability)-Net	13,210	12,844
Note - 13: Long Term Loans and Advances		
Security Deposits		
Unsecured, considered good	368	314
Advance Income Tax	2,402	2,287
Less: Provision for Taxation	(1,135)	(1,134)
MAT credit Entitlement	1,171	1,171
Total	2,807	2,638
Note - 14: Other Non-Current Assets		
Other Bank Balances		
- In Deposit Accounts with more than 12 months' maturity	-	74
	-	74

(₹ in '000')

Sr No.	Particulars	As at 31.03.2014		As at 31.03.2013	
		Qty (Nos)	Amount	Qty (Nos)	Amount
	Note 15: Current Investments				
	Non-Trade -Quoted Investment in Mutual Funds				
	SBI - Premier Liquid Growth Fund	701.91	1,400	-	-
	TOTAL		1,400		-
	Aggregate amount of quoted Investment		1,400		NIL
	Aggregate Market Value of quoted Investment		1,415		NIL
	Aggregate amount of unquoted Investment		NIL		NIL
	Aggregate provision for diminution in value of investments		NIL		NIL

(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note - 16: Cash and Bank Balances		
Cash and Cash Equivalents		
Cash in Hand	32	36
Balance with Banks		
- In Current Accounts	650	423
	682	459
Note - 17: Short Term Loans and Advances		
Related Parties :		
- Unsecured	9	-
Others		
Loans and advances to employees	10	-
Prepaid Expenses	48	22
Loans to Others		
- Unsecured	88	7,774
	155	7,796
Note - 18: Other Current Assets		
Unsecured		
Others		
- Others	-	52
- Due from Related Parties	-	300
Other Bank Balances		
- In Deposit Accounts with less than 12 months' maturity	84	-
	84	352
Note -19: Revenue from Operations		
Interest Income	608	1,822
Processing fees Received	-	51
Professional Fees Income	125	125
Profit on Sale of Investments (Net)	4,457	1,346
	5,190	3,344
Note 20: Other Income		
Dividend Income	944	612
Miscellaneous Income	787	760
	1,731	1,372
Note 21: Employee Benefit Expenses		
Salaries and wages	2,196	1,342
Contribution / provisions to and for provident, Gratuity and other funds	60	8
Staff welfare expenses	-	-
	2,256	1,350

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(₹ in '000')

Particulars	As at 31.03.2014	As at 31.03.2013
Note 22: Finance Costs		
Interest expenses	602	578
Bank Charges	204	57
Processing Charges	118	-
	924	635
Note 23: Other Expenses		
Advertisement	101	114
Auditors Remuneration (for break up refer below)	101	86
Infrastructural Support service Expenses	337	293
Legal Expenses	27	1
Professional & Consultancy Fees Paid	240	82
Miscellaneous Expenses	590	577
Processing Fees	112	-
Sundry Debts Written off	501	-
Motor Car Expenses	125	9
Postage & Telegram	114	31
Contingent Provision against Standard/Sub - Standard Assets	-	336
Reversal of Contingent Provision against Standard/Sub -Standard Assets (Net off)	(267)	-
	1,981	1,528
As auditor		
As Statutory Auditor	45	30
For Taxation matters	-	-
For Limited Review	45	45
In other capacity		
Company Law matters	-	-
Management Services	-	-
For reimbursement of expenses/Service Tax	11	11
	101	86

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

NOTES FORMING PART OF ACCOUNTS

(Note Nos : 24 to 34)

24. Contingent Liabilities not provided for: NIL

25. Disclosure required by Micro, Small and Medium Enterprises (Development) Act, 2006.

As per requirement of Section 22 of Micro, Small & Medium Enterprises (Development) Act, 2006 following information is disclosed:

Sr. No	Particulars	31.03.2014	31.03.2013
(i)	Principal amount remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
(ii)	Interest due on (i) above remaining unpaid	Nil	Nil
(iii)	Amounts paid beyond the appointed day during the accounting year	Nil	Nil
(iv)	Interest paid on (iii) above	Nil	Nil
(v)	Interest due and payable on (iii) above	Nil	Nil
(vi)	Interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(vii)	Interest remaining unpaid of the previous years for the purpose of disallowance under the Income Tax Act, 1961	Nil	Nil

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

26. Provision for Income Tax has been made in accordance with section 115JB of Income Tax Act, 1961. However, Management expects that it would be in a position to pay normal tax within the period specified under the Income Tax Act 1961 and hence MAT Credit has been recognized.

27. Earnings in Foreign Currency - ₹ Nil (₹ Nil).

Expenditure in Foreign Currency – ₹ Nil (₹ Nil).

28. Managerial remuneration included in the Statement of Profit & Loss - ₹ Nil (₹ Nil)

29. Earnings Per Share:

Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Net Profit / (Loss) after Taxation(₹ in '000')	1,037	1,446
Less : Preference Dividend and Tax thereon(₹ in '000')	Nil	1,185
Net Profit/(Loss) for calculation of EPS	1,037	261
The weighted average Number of Equity Share (Nos.)- (Basic)	3,304,507	3,135,740
The weighted average Number of Equity Share (Nos.)- (Diluted)	4,154,507	3,135,740
Face Value (₹)	10	10
Earnings Per Share (Basic)	0.31	0.08
Earnings Per Share (Diluted)	0.25	0.08

30. Related party disclosures under Accounting Standard 18:

List of related parties

1) Parties where control exists

- a) Wholly owned subsidiary Companies
 - KJMC Asset Management Company Limited
 - KJMC Investment Trust Company Limited

2) Other parties

a) Key Management Personnel

Girish Jain

b) Relatives of Key Management Personnel.

- Inderchand Jain - Father
- Chanddevi Jain - Mother
- Rajnish Jain - Brother
- Aditi Jain - Wife

c) Enterprises over which key management personnel/relatives are able to exercise significant influence:

- KJMC Corporate Advisors (India) Limited
- KJMC Shares and Securities Limited
- KJMC Capital Market Services Limited
- KJMC Credit Marketing Limited
- KJMC Commodities Market India Limited
- KJMC Silver Properties Private Limited
- Puja Impex Private Limited
- Prathamesh Enterprises Private Limited

d) Associates

- KJMC Platinum Builders Private Limited (w.e.f 13.03.2013)
- KJMC Realty Private Limited (w.e.f 22.03.2013)

Related Parties Transactions : -

(₹ in '000)

Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Loans and Advances Received KJMC Capital Market Services Ltd	-	-	-	-	-	25,880
2	Loans and Advances Repaid KJMC Capital Market Services Ltd	-	-	-	-	-	25,880
3	Interest Income KJMC Capital Market Services Ltd					-	75
4	Interest Expense KJMC Capital Market Services Ltd	-	-	-	-	53	-
5	Deposit Repaid KJMC Asset Management Company Ltd	42,120	23,325	-	-	-	-
6	Deposit Received KJMC Asset Management Company Ltd	24,200	36,500	-	-	-	-
7	Rent Income KJMC Capital Market Services Ltd	-	-	-	-	760	760
8	Rent Paid KJMC Capital Market Services Ltd	-	-	-	-	336	293
9	Professional fees received KJMC Corporate Advisors (India) Ltd	-	-	-	-	125	125

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Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
10	Brokerage Charges KJMC Capital Market Services Ltd	-	-	-	-	16	-
11	Reimbursement of Expenses received KJMC Investment Trust Co. Ltd KJMC Corporate Advisors (India) Ltd	8 -	- -	- -	- -	- 1	- -
12	Reimbursement of Expenses Paid KJMC Asset Management Company Ltd KJMC Corporate Advisors (India) Ltd KJMC Capital Market Services Ltd KJMC Investment Trust Co. Ltd Puja Impex Pvt Ltd	- - - - -	1 - - 1 -	- - - - -	- - - - -	- 5 59 - -	- 169 186 - 5
13	Purchase / (Sale) of Investment KJMC Corporate Advisors (India) Ltd Puja Impex Pvt Ltd	- -	- -	- -	- -	2,738 -	- (740)
14	Investment in Shares of Associate KJMC Realty Private Limited KJMC Platinum Builders Private Limited	- -	- -	- -	40 653	- -	- -
15	Advance received for Sale of Shares KJMC Corporate Advisors (India) Ltd	-	-	-	-	2,000	-
16	Advance Received for Sale of Shares refunded KJMC Corporate Advisors (India) Ltd	-	-	-	-	(2,000)	-
17	Advance Paid for Purchase of Shares KJMC Corporate Advisors (India) Ltd	-	-	-	-	(18,013)	-
18	Advance paid for Purchase of Shares received back KJMC Corporate Advisors (India) Ltd	-	-	-	-	18,013	-
19	Net Receivables- KJMC Shares & Securities Ltd KJMC Asset Management Company Ltd	- 9	- -	- -	- -	- -	300 -
20	Net Payables KJMC Capital Market Services Ltd KJMC Asset Management Company Ltd	- 33,755	- 51,675	- -	- -	12,000 -	12,000 -
21	Balances in Investment in Associates KJMC Realty Private Limited KJMC Platinum Builders Private Limited	- -	- -	40 653	40 653	- -	- -

31. Equitable mortgage is created on Office Premises of M/s.Puja Impex Pvt. Ltd., a Company over which the Key Management Personnel /relatives have significant influence, in favor of Union Bank of India on behalf of the company to avail overdraft facility.(As on 31-03-2014 ₹ 29,962 ('000))
32. Schedule to the Balance Sheet of a Non-Deposit taking Non-Banking Financial Company [as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007]

	Particulars	(₹ In 000's)	
		Amount outstanding	Amount overdue
1	Liabilities side :		
	Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:		
	(a) Debentures : Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	-	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)		
	Secured Loans against office premises	29,962	-
	Secured Loans against Shares	-	-

Particulars Asset Side :	Amount outstanding (₹ in 000's)
2 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	-
(b) Unsecured	73
3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease (ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets (iii) Other loans counting towards AFC activities (a) Loans where assets have been Repossessed (b) Loans other than (a) above	NIL

4. Break-up of Investments:

(₹ in '000')

Current Investments :		
1. Quoted :		-
(i) Shares : (a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
2. Un Quoted :		
(i) Shares : (a) Equity		
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		1,400
(iv) Government Securities		-
(v) Others (please specify)		-
Long Term Investments :		
1. Quoted :		-
(i) Shares : (a) Equity		66,091
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-
2. Un Quoted :		
(i) Shares : (a) Equity		1,15,456
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (please specify)		-

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5. Borrower group-wise classification of assets financed as in (2) and (3) above : Category	Amount Net of Provisions		
	Secured	Unsecured	Total
1. Related Parties	-	-	-
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	73	73

6. Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted)	Market Value / Breakup or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	1,14,763	1,14,763
(b) Companies in the same group	-	-
(c) Other related parties	693	693
2. Other than related parties	1,50,279	67,491
Total	2,65,735	1,82,947
Other information		
Particulars		Amount
Gross Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		-
Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		-
Assets acquired in satisfaction of debt	-	

33. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.
34. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets.
As per our report of even date attached

For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W

Sachin A Negandhi
Partner
Membership No. 112888
Place : Mumbai
Date : 29th May 2014

For and on behalf of the Board of Directors

I.C.Jain Chairman	Girish Jain Director	Sanjeev S. Sengar Company Secretary
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Place : Mumbai
Date : 29th May 2014

Statement pursuant to Section 212 (3) of the Companies Act, 1956 relating to Subsidiary Companies

Sr. No.	Particulars	KJMC Asset Management Company Limited	KJMC Investment Trust Company Limited
1	Financial Period of the subsidiary ended on	31.03.2014	31.03.2014
2	Holding Company's Interest -No of Equity Shares - Extent of Holding	1,02,50,000 Equity Shares of ₹ 10/each fully paid up 100%	1,50,000 Equity Shares of ₹ 10/ each fully paid up 100%
3	The net aggregate amount of profit/losses so far as it concerns the members of the holding company not dealt in with in the holding company's Account (₹ '000) 1) For the Current Financial Profit /(loss) 2) For the previous Financial Year since it became subsidiary	(292) (481)	51 68
4	The Net aggregate amount of Profits/Losses of the subsidiary which has been dealt with in the accounts of the holding Company (₹ '000) 1) For the Current Financial Period Profit/(Loss) 2) For the previous Financial Year since it became subsidiary	- -	- -

The provisions of Section 212 (5) of the Companies Act 1956 are not applicable as the financial year of the subsidiary company coincides with that of the Company

For and on behalf of the Board of Directors

I. C. Jain
Chairman

Girish Jain
Director

Sanjeev Singh Sengar
Company Secretary

Financial Information of the Subsidiary Companies for the year ended 31st March 2014 under Section 212(8) of the Companies Act, 1956

(₹ in '000)

Particulars	Name of Subsidiary Companies	
	KJMC Asset Management Company Limited	KJMC Investment Trust Company Limited
Paid up capital	102500	1500
Reserves	(1801)	(152)
Total Assets including investments	100769	1606
Investments	42000	100
Total Liabilities (Excluding paid up capital & Reserves)	70	258
Turnover	346	121
Profit/(Loss) before Tax	(292)	51
Provision for Taxation	-	-
Profit/(Loss) after Tax	(292)	51
Dividend Proposed	-	-

INDEPENDENT AUDITORS REPORT**To the Board of Directors of KJMC Financial Services Limited and its Subsidiaries****Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of **KJMC Financial Services Limited** ("the Company") and its subsidiaries and associate companies, which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (ii) in the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of (i) one subsidiary which reflect total assets of ₹ 100769(thousands) as at March 31, 2014, total revenue of ₹ 346 (thousands), net Loss of ₹ 292(thousands) and net cash outflow of ₹ 907(thousands) for the year then ended, and (ii) two associate companies, the share of net loss of which is included in the consolidated financial statements is ₹ 42 (thousands) for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For K. S. Aiyar & Co,
Chartered Accountants
ICAI Firm Registration No: 100186W

Sachin A. Negandhi
Partner
Membership No.: 112888

Place: Mumbai
Date : May 29, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in '000')

PARTICULARS	NOTE NO.	As At 31.03.2014	As At 31.03.2013
(I) EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	43,357	39,857
(b) Reserves and Surplus	3	83,382	79,129
Non-Current Liabilities			
(a) Long Term Borrowings	4	1,236	1,609
(b) Other Long-Term Liabilities	5	12,247	12,247
Current Liabilities			
(a) Short-Term Borrowings	6	29,962	27,525
(b) Trade Payables	7	463	222
(c) Other Current Liabilities	8	470	459
(d) Short-Term Provisions	9	234	1,521
TOTAL		171,351	162,569
(II) ASSETS			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		6,915	8,010
(ii) Intangible Assets		-	6
(iii) Goodwill on Consolidation		5,314	5,314
(b) Non-Current Investments	11	72,190	74,157
(c) Deferred Tax Assets (net)	12	13,210	12,844
(d) Long-Term Loans and Advances	13	27,480	27,445
(e) Other Non-Current Assets	14	1,400	1,474
Current Assets			
(a) Current Investments	15	43,500	23,000
(b) Cash and Bank Balances	16	1,079	1,811
(c) Short-Term Loans and Advances	17	146	8,090
(d) Other Current Assets	18	117	418
TOTAL		171,351	162,569

Significant Accounting Policies and Notes to Accounts 1 to 32

The above notes are integral part of the financial statements

As per our report of even date attached
For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W
For and on behalf of the Board of Directors

Sachin A Negandhi Partner
I.C.Jain Chairman
Girish Jain Director
Sanjeev Singh Sengar Company Secretary
Membership No. 112888

Place : Mumbai
Date : 29th May 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in '000')

PARTICULARS	NOTE NO.	For the Year Ended 31.03.2014	For the Year Ended 31.03.2013
Revenue from Operations	19	5,190	3,344
Other Income	20	2,198	1,682
Total Income		7,388	5,026
Expenses:			
Employee Benefits Expenses	21	2,547	1,675
Finance Costs	22	924	635
Other Expenses	23	2,429	1,929
Depreciation and Amortization Expenses	10	1,100	396
Total Expenses		7,000	4,635
Profit before Tax		388	391
Tax Expense:			
(1) Current tax		10	125
(2) Deferred tax		(366)	(214)
(3) MAT credit Entitlement		(10)	(124)
(4) Prior Period Taxes		-	(409)
		(366)	(622)
Profit/(Loss) for the period		754	1,013
Earnings per equity share:			
(1) Basic		0.23	(0.05)
(2) Diluted		0.18	(0.05)

Significant Accounting Policies and Notes to Accounts 1 to 32

The above notes are integral part of the financial statements

As per our report of even date attached
For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W
For and on behalf of the Board of Directors

Sachin A Negandhi Partner
I.C.Jain Chairman
Girish Jain Director
Sanjeev Singh Sengar Company Secretary
Membership No. 112888

Place : Mumbai
Date : 29th May 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(₹ in '000')

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
A Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	388	391
Adjustment for:		
Depreciation	1,100	396
(Profit)/Loss on Sale of Investments	(4,515)	(1,411)
Provision for Standard Assets	(267)	336
(Profit)/Loss on Sale of Assets	-	-
Interest and Financial Charges	924	635
Interest Income	424	(2,118)
Dividend Income	(944)	(612)
Operating Profit Before Working Capital Changes	(2,890)	(2,383)
Changes in Working Capital		
(Increase)/ Decrease in Trade and other receivables	5	(9)
(Increase)/ Decrease in Loans and Advances	7,720	(20,820)
(Increase)/ Decrease in Current Investments	(17,800)	13,500
(Increase)/ Decrease in Other current assets	619	(573)
Increase/ (Decrease) in Trade payable and other liabilities	(773)	13,511
(Increase)/ Decrease in Net Current Assets	(10,229)	5,609
Cash generated from Operations	(13,118)	3,227
Direct taxes paid (Net of refund)	(14)	952
Earlier year taxes	-	(409)
Cash Flow Before Extraordinary Items	(13,132)	2,684
Extraordinary Items	-	-
Net Cash flow from Operating Activities	(13,132)	2,684
Cash Flow from Investment Activities		
Purchase of Investment	(39,140)	(74,494)
Sale of investment	44,079	68,756
Purchase of Fixed Assets	-	(2,988)
Sale of Fixed Assets	-	-
Interest Income	(424)	2,118
Dividend Income	944	612
Net Cash Flow from Investing Activities	5,459	(5,996)
Cash Flow From Financing Activities		
Loan taken-Secured	5,642	4,124
Loan Repaid -Secured	(3,576)	-
Issue of Equity Shares	7,000	-
Issue of 0% Compulsory Convertible Preference Shares	17,000	-
Redemption of 12% Non Cum Redemable Preference Shares	(17,000)	-
Interest and Finance Charges	(924)	(635)
Dividend tax paid	-	(165)
Dividend Paid	-	(1,020)
Net Cash Flow from Financing Activities	8,142	2,304
Net Increase in Cash and Cash Equivalents	468	(1,008)
Cash and Cash Equivalents at the beginning of the Year *	611	1,618
Cash and Cash Equivalents at the close of the Year *	1,079	611
* Cash and Cash Equivalents comprise of :		
Cash in hand	40	44
Balance in current account	1,039	567
Total	1,079	611

Note : The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W

For and on behalf of the Board of Directors

Sachin A Negandhi
Partner
Membership No.112888

I.C.Jain Girish Jain Sanjeev Singh Sengar
Chairman Director Company Secretary

Place : Mumbai
Date : 29th May 2014

Place : Mumbai
Date : 29th May 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Company Overview:

KJMC Financial Services Limited is a flagship company of the KJMC Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in non banking financial operations without accepting public deposits and is regulated by the provisions of Reserve Bank of India Act, 1934.

Note No. : 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of financial statements

The accounting financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 in material respect and to the extent applicable.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under Accounting Standard 21 (Consolidated Financial Statements).

1.2 Principle of Consolidation

The consolidated financial statements have been prepared based on a line-by-line consolidation of the Financial Statement of KJMC Financial Services Limited and its subsidiaries KJMC Assets Management Company Limited and KJMC Investment Trust Company Limited. The effect of intercompany transactions and balances are eliminated in consolidation.

1.3 Use of estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made which affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/ materialized.

1.4 Investments

Current Investments: Current investments are valued at the lower of cost arrived on weighted average basis or fair value.

Non Current Investments: A provision is made for diminution other than temporary in nature. These are intended to be held for a period of more than one year from the date of the investment and are valued at cost. The cost is determined on weighted average method basis.

1.5 Fixed Assets and Depreciation

(i) Tangible Fixed Assets:

Tangible Fixed Assets are stated at cost, net off accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase price, borrowing cost of capitalization and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided under the written down value method, at the rates and in the manner prescribed under Schedule VI of the Companies Act, 1956.

(ii) Intangible Fixed Assets:

Intangible Fixed Assets are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are recognized at cost less accumulated amortization. Intangible assets are amortized systematically on straight line basis over its useful life of 3 years.

1.6 Taxation

Tax expense comprises of current and deferred tax. Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.7 Revenue Recognition:

Revenue from Professional fees & Consultancy charges, Income from Brokerage & interest on loans and Inter Corporate Deposits and lease rent are recognized as and when there is reasonable certainty of its ultimate realization and on completion of the assignment.

Non Performing Assets

Income is not recognized in respect of Non Performing Assets, if any, as per prudential norms prescribed by Reserve bank of India. (RBI)

Dividend:

Dividend Income is recognized when the Company's right to receive is established by the reporting date.

1.8 Foreign Currency Transactions

Transactions in Foreign Currencies are recorded at the exchange rate prevailing on the date of transactions.

Foreign currency current assets and current liabilities outstanding at the year end are translated at the year end exchange rate and unrealized exchange gain or loss is recognized in the Statement of Profit and Loss.

Realized exchange gain/loss on foreign transactions during the year is recognized in the Statement of Profit and Loss.

1.9 Derivative Transactions:

In accordance with the ICAI announcement, derivatives contract, other than foreign contracts covered under AS 11, are marked to market on a portfolio basis, and the loss if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit & Loss.

1.10 Stock in Trade:

Stocks of shares are valued at the lower of cost arrived on weighted average basis or fair value.

1.11 Employee Benefits:

i) Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

- ii) The company is exempted from Payment of Gratuity Act, 1972 in view of its strength of employees being less than threshold limit attracting the applicability of the said statute and as such no provision has been made for the said liability.
- iii) Leave Encashment is not provided for on actuarial basis in view of the employees being less than 10 and the same is charged on actual basis.

1.12 Provisions, Contingent Liabilities & Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

1.13 Earnings per Share:

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Particulars	For the 31.03.2014	For the 31.03.2013
Note - 2: Share Capital		
Authorised:		
Amount of Shares:		
35,000,000 (35,000,000) Equity Shares of ₹ 10/- each	350,000	350,000
85,000 (Previous Year: 1,500,000) Redeemable Preference shares of ₹ 100/- each	8,500	150,000
85,000 (Previous Year: Nil) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	8,500	-
13,30,000 (Previous Year: Nil) Preference Shares of ₹ 100/- each	133,000	-
	500,000	500,000
Issued and Subscribed :		
3,485,740 (Previous Year: 3,135,740) Equity Shares of ₹ 10/- each	34,857	31,357
NIL (Previous Year: 85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each	-	8,500
85,000 (Previous Year: Nil) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	8,500	-
	43,357	39,857
Paid up:		
3,485,740 (Previous Year: 3,135,740) Equity Shares of ₹ 10/- each fully paid up	34,857	31,357
NIL (Previous Year: 85,000) 12% Non-Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up redeemable after the expiry of one year but before expiry of 20 years from the date of allotment.	-	8,500
85,000 (Previous Year: Nil) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each fully paid up convertible within eighteen months from the date of allotment	8,500	-
	43,357	39,857

(₹ in '000')

Reconciliation of Shares outstanding at the beginning and at the end of the year				
Particulars	Equity Shares			
	As at 31.03.2014		As at 31.03.2013	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the year	3,135,740	31,357	3,135,740	31,357
Shares Issued during the year	350,000	3,500	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	3,485,740	34,857	3,135,740	31,357

(₹ in '000')

Particulars	12% Preference Shares			
	As at 31.03.2014		As at 31.03.2013	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the year	85,000	8,500	85,000	8,500
Shares Issued during the year	-	-	-	-
Shares redeemed during the year	85,000	8,500	-	-
Shares outstanding at the end of the year	-	-	85,000	8,500

Particulars	0% Preference Shares			
	As at 31.03.2014		As at 31.03.2013	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	85,000	8,500	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	85,000	8,500	-	-

(b) Terms and Rights attached to Equity Shares:

The Company has only one class of equity shares having par value of ₹ 10 per share. Each shareholder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of Shareholders holding more than 5% shares in the Company:

Particulars	As at 31.03.2014		As at 31.03.2013	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Equity Shares of ₹ 10 each				
Inderchand Jain	1,221,354	35.04%	1,008,354	32.16%
I. C. Jain HUF	267,065	7.66%	220,500	7.03%
12% Non-Cumulative Redeemable Preference Shares				
KJMC Corporate Advisors (India) Limited	-	-	85,000	100.00%
0% Compulsorily Convertible Preference Shares				
KJMC Corporate Advisors (India) Limited	85,000	100.00%	-	-

(₹ in '000')

Particulars	As At 31.03.2014	As At 31.03.2013
Note 3 : Reserves and Surplus		
Securities Premium Account :		
As per last balance sheet	4,160	4,160
Add : Received during the year	12,000	-
Less: Deduction during the year	8,500	-
Closing Balance	7,660	4,160
General Reserve :		
As per last balance sheet	2,301	2,265
Add : Addition during the year	26	36
Less: Deduction during the year	-	-
Closing Balance	2,327	2,301
Capital Redemption Reserve :		
As per last balance sheet	49,900	49,900
Add : Addition during the year	-	-
Less: Deduction during the year	-	-
Closing Balance	49,900	49,900
Special Reserve :		
As per last balance sheet	6,549	6,260
Add : Addition during the year	207	289
Less : Deduction during the year	-	-
Closing Balance	6,756	6,549
Surplus/(Deficit) in the statement of profit and loss :		
Balance brought forward from last period / year	16,218	16,715
Profit for the period	754	1,013
Amount available for appropriation	16,972	17,728
Less : Appropriations		
a) Proposed Preference Share Dividend	-	1,020
b) Tax on Proposed Dividend	-	165
c) Special Reserve *	207	289
d) General Reserve	26	36
Balance carried forward	16,739	16,218
Total	83,382	79,129

* 20% of the Net Profit After Tax is transferred to Special Reserve as required u/s 45(1C) of RBI Guidelines, 1934.
(₹ in '000')

Particulars	Non-Current Maturities		Current Maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Note - 4: Long Term Borrowings				
Term Loans				
From other (Secured):				
Vehicle Loan	1,236	1,609	373	338
(Refer Additional Information below)				
Amount disclosed under the head "Other Current Liabilities"			373	338
NET AMOUNT	1,236	1,609	-	-

Additional Information:

Vehicle Loan

Particulars	Amount of Loan (₹ in '000)	Interest rate % p.a	Installment Amount (₹ in '000)	No. of Outstanding Installments as on date
Secured by Vehicle bought under loan and repayable in 36 Equated monthly installments	2007	9.96	43	45

(₹ in '000')

Particulars	As At 31.03.2014	As At 31.03.2013
Note - 5: Other Long Term Liabilities		
Security Deposits (Unsecured)		
Others	12,247	12,247
	12,247	12,247
Note 6 : Short Term Borrowings		
Secured :		
Loans repayable on demand		
Cash credit from bank repayable on demand (Secured)	29,962	24,321
(Cash credit from bank is secured against equitable mortgage of premises belonging to the Company and a related party and Corporate guarantee given by the related party. The cash credit is repayable on demand and carries interest @ Base Rate + 3.00%.)		
Loan from Non-Banking Financial Company (Secured)	-	3,204
Current Year Nil (Previous Year: Loans secured against pledge of shares bearing an interest rate of 13.00%, repayable on demand.)		
	29,962	27,525
Note 7: Trade Payables		
Trade payable -Others	463	222
	463	222
Note 8: Other Current Liabilities		
Current Maturities of Long Term Borrowings	373	338
(Refer Note - 4)		
TDS Payable	16	13
Other payables	81	108
	470	459
Note 9: Short Term Provisions		
Proposed Preference Share Dividend	-	1,020
Dividend Distribution Tax	165	165
Contingent provision against standard assets	69	336
	234	1,521

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Note 10: Fixed Assets -Tangible

(₹ in '000')

Description	Gross Block			As at 31.03.2014	Depreciation			AS at 31.03.2014	Net Block	
	As at 01.04.2013	Additions/ Adjustments during the year	Deductions/ Adjustments during the year		AS at 01.04.2013	Provided during the year	Deductions/ Adjustments during the year		AS at 31.03.2014	AS at 31.03.2013
Building	10,849	-	-	10,849	6,539	216	-	6,755	4,094	4,311
Furniture & Fixture	6,646	-	-	6,646	6,094	100	-	6,194	452	552
Electrical Fittings	-	-	-	-	-	-	-	-	-	-
Computers	61	-	-	61	33	11	-	44	17	28
Office Equipments	2,117	-	-	2,117	1,785	46	-	1,831	286	332
Vehicles	2,792	-	-	2,792	5	721	-	726	2,066	2,787
Total (A)	22,465	-	-	22,465	14,456	1,094	-	15,549	6,915	8,010
Previous year	19,479	2,987	-	22,465	14,073	384	-	14,456	8,010	-

Fixed Assets -Intangible

(₹ in '000')

Description	Gross Block			As at 31.03.2014	Depreciation			AS at 31.03.2014	Net Block	
	As at 01.04.2013	Additions/ Adjustments during the year	Deductions/ Adjustments during the year		AS at 01.04.2013	Provided during the year	Deductions/ Adjustments during the year		AS at 31.03.2014	AS at 31.03.2013
Computer Software	36	-	-	36	30	6	-	36	0	6
Total (B)	36	-	-	36	30	6	-	36	0	6
Previous year	36	-	-	36	18	12	-	30	6	-
Total (A+B)	22,501	-	-	22,501	14,486	1,100	-	15,585	6,915	8,016
Previous year	19,515	2,987	-	22,501	14,091	396	-	14,486	8,016	-

Note - 11 : Non-Current Investments

(₹ in '000')

Sr No.	Particulars	FV (₹)	As at 31.03.2014		As at 31.03.2013	
			Qty (Nos)	Amount	Qty (Nos)	Amount
	Non-Trade -Quoted					
	Investment in Equity Shares					
1	Bhartiya International Limited	10	-	-	7,000	859
2	Dhanuka Agritech Limited	2	4,500	894	55,025	6,020
3	Dena Bank	10	10,000	617	-	-
4	DQ Entertainment (International) Limited	10	5,166	658	5,741	732
5	Dredging Corporation Of India Limited	10	1,800	1,715	1,800	1,715
6	Everest Kanto Cylinder Limited	2	2,000	344	2,000	344
7	Federal Mogul Goetze (India) Ltd	10	2,750	543	-	-
8	Finolex Cables Ltd	2	81,991	4,370	-	-
9	Global Offshore Services Ltd	10	6,500	572	-	-
10	HBL Power Systems Limited	1	29,750	1,149	29,750	1,149
11	Himachal Futuristics Communications Limited	1	-	-	10,000	425
12	Hindustan Copper Limited	5	4	3	4	3
13	Hotline Glass Limited	10	37,549	-	37,549	-
14	IDBI Bank Limited	10	-	-	200	39
15	ICICI Bank Limited	10	-	-	1,000	1,369
16	IL&FS Engineering and Construction Company Ltd	10	2,000	80	-	-
17	Indiabulls Infrastructure and Power Limited	2	5,900	421	5,900	421
18	Indiabulls Real Estate Limited	2	2,000	1,008	2,000	1,008
19	Indiabulls Wholesale Services Limited	2	250	14	250	14
20	IPCA Laboratories Ltd	2	1,500	1,270	-	-
21	KDL Biotech Ltd	10	10	-	-	-
22	Lakshmi Vilas Bank Ltd	10	20,000	1,239	-	-
23	NHPC Limited.	10	31,082	1,382	76,963	3,422
24	Om Metals & Infraprojects Limited	1	5,000	426	5,000	426
25	MT Educare Limited	10	-	-	1,000	110
26	Poly Medicure Limited	10	275,119	38,674	143,809	40,431
27	Radico Khaitan Ltd	2	2,000	331	-	-
28	Reliance Infrastructure Limited	10	1,150	1,625	1,150	1,625
29	Reliance Industrial Infrastructure Limited	10	300	669	300	669
30	Reliance Industries Limited	10	418	634	418	634
31	Shree Ram Mills Limited.	10	5,000	976	5,000	976
32	Shasun Pharmaceuticals Limited	2	45,000	4,877	45,000	4,877
33	Shree Vindhya Paper Mills Limited	10	1	-	1	-
34	Styrolution ABS (I) Ltd.	10	3,378	1,313	-	-
35	Wockhardt Ltd	5	650	290	-	-
	SUB-TOTAL (A)			66,091		67,266
	Non-Trade -Unquoted					
	Investment in Equity Shares					
A	In Associates					
1	KJMC Platinum Builders Private Limited	10	65,300	6,059	65,300	6,101
2	KJMC Realty Private Limited	10	4,000	40	4,000	40
				6,099		6,141
B	In other companies					
1	DR. Modi's Karjat Health Resort Limited	10	-	-	50,000	750
2	Prime Pictures Limited	10	25,000	-	25,000	-
	SUB-TOTAL (B)			6,099		6,891
	TOTAL (A + B)			72,190		74,157
	Aggregate amount of quoted Investment			66,091		67,266
	Aggregate Market Value of quoted Investment			148,864		80,928
	Aggregate amount of unquoted Investment			6,099		6,891
	Aggregate provision for diminution in value of investments			NIL		NIL

(₹ in '000')

Particulars	As At 31.03.2014	As At 31.03.2013
Note - 12: Deferred Taxation		
Deferred Tax Asset		
Business Loss	2,424	2,207
Unabsorbed Depreciation	217	212
Unabsorbed Long Term Capital Loss	11,388	11,388
	14,029	13,807
Deferred Tax Liability		
Fixed Assets	819	963
	819	963
Deferred tax Asset/(liability)-Net	13,210	12,844
Note 13 : Long Term Loans and Advances		
Security Deposits		
Unsecured, considered good	24,968	25,114
Advance Income Tax	2,476	2,287
Less: Provision for Taxation	(1,135)	(1,135)
MAT credit Entitlement	1,171	1,179
Total	27,480	27,445
Note 14 : Other Non Current Assets		
Other Non Current Assets		
Other Bank Balances	1400	1474
- In Deposit Accounts with more than 12 months' maturity	1400	1474

(₹ in '000')

	As at 31.03.2014		As at 31.03.2013	
	Qty (Nos)	Amount	Qty (Nos)	Amount
Note - 15: Current Investments				
Non Trade-Quoted				
Investment in Mutual Funds				
1 SBI Premier Liquid Fund	21,612	43,400	12,495	23,000
2 HDFC Liquid Fund	4,026	100	-	-
TOTAL		43,500		23,000
Aggregate amount of quoted Investment		43,500		23,000
Aggregate Market Value of quoted Investment		43,666		36,532
Aggregate amount of unquoted Investment		NIL		NIL
Aggregate provision for diminution in value of investments		NIL		NIL

(₹ in '000')

Particulars	As At 31.03.2014	As At 31.03.2013
Note 16: Cash and Bank Balances		
Cash and Cash Equivalents		
Cash in Hand	40	44
Balance with Banks		
- In Current Accounts	1,039	567
	1,079	611
Other Bank Balances		
- In Deposit Accounts	-	1,200
	1,079	1,811
Note 17: Short Term Loans and Advances		
Related Parties :		
- Unsecured	-	-
Others		
Loans and advances to employees	10	-
Prepaid Expenses	48	272
Advances recoverable in cash or kind	-	44
Loans to Others	88	7,774
	146	8,090

(₹ in '000')

Particulars	As At 31.03.2014	As At 31.03.2013
Note 18: Other Current Assets		
Others		
Accrued Interest	10	53
Others	23	65
Due from Related Parties	-	300
Other Bank Balances	84	-
- In Deposit Accounts with less than 12 months' maturity	117	418
Note 19: Revenue from Operations		
Interest Income	608	1,822
Processing fees Received	-	51
Profit on Sale of Investments(Net)	4,457	1,346
Professional fees Income	125	125
	5,190	3,344
Note 20: Other Income		
Dividend Income	944	612
Profit on Sale of Investments	58	65
Professional fees Income	225	-
Profit on sale of Assets	-	-
Miscellaneous Income	971	1,005
	2,198	1,682
Note 21: Employee Benefit Expenses		
Salaries and wages	2,486	1667
Contribution to provident and other funds	61	8
	2,547	1,675
Note 22: Finance Costs		
Interest expenses	602	578
Other borrowing costs	204	57
Processing Charges	118	-
	924	635
Note 23: Other Expenses		
Advertisement	101	129
Auditors Remuneration (for break up refer below)	134	114
Infrastructural Support Service Expenses	337	293
Legal Expenses	27	1
Miscellaneous expenses	1,548	688
Professional Fees	250	90
Provision for Standard Assets	-	336
Subscription & Membership	257	258
Share in Loss of Associates	42	20
Reversal of Provision for Standard Assets (Net of Asset)	(267)	-
	2,429	1,929
As Auditor		
As Statutory Auditor	78	58
For Taxation matters	-	-
For Limited Review	45	45
In other capacity		
Company Law Matters	-	-
Management Services	-	-
For reimbursement of expenses/Service Tax	11	11
	134	114

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31 2014.**NOTES FORMING PART OF ACCOUNTS****(Note Nos : 24 to 32)**

24. Contingent Liabilities not provided for: NIL

25. Earnings per Share:

Particulars	For the Year ended 31.03.2014	For the Year ended 31.03.2013
Net Profit / (Loss) after Taxation (₹ in '000)	754	1,013
Less : Preference Dividend and Tax thereon	-	1,185
Net Profit/(Loss) for calculation of EPS	754	(172)
The weighted average Number of Equity Share (Nos.)- (Basic)	33,04,507	31,35,740
The weighted average Number of Equity Share (Nos.)- (Diluted)	4,154,507	31,35,740
Face value (₹)	10	10
Earnings per Share (Basic)	0.23	(0.05)
Earnings per Share (Diluted)	0.18	(0.05)

26. Earnings in Foreign Currency ₹ Nil (₹ Nil)

Expenditure in Foreign Currency ₹ Nil (₹ Nil)

27. Managerial remuneration included in the Profit & Loss Account is ₹ Nil (₹ Nil)

28. Related party disclosures under Accounting Standard -18:

List of related parties:

a) Key Management Personnel**Mr. Girish Jain****b) Relatives of Key Management Personnel.**

Inderchand Jain - Father

Chanddevi Jain - Mother

Rajnish Jain - Brother

Aditi Jain - Wife

c) Enterprises over which key management personnel is able to exercise significant influence:

KJMC Corporate Advisors (India) Limited

KJMC Capital Market Services Limited

KJMC Shares and Securities Limited

KJMC Credit Marketing Limited

KJMC Commodities Market India Limited

Puja Impex Private Limited

Prathmesh Enterprises Private Ltd

KJMC Platinum Builders Private Ltd (w.e.f: 13.03.2013)

KJMC Realty Private Limited (w.e.f: 22.03.2013)

KJMC Silver Properties Private Ltd

KJMC Mutual Fund

Transactions during the year with related parties**(₹ in 000's)**

Sr. No.	Nature of Transactions with related parties	Associates		Enterprises over which key management personnel / relatives are able to exercise significant influence	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
1	Loan and Advance Received KJMC Capital Market Services Ltd	-	-	-	25,880
2	Loans and Advances Repaid KJMC Capital Market Services Ltd	-	-	-	25,880
3	Interest Received KJMC Capital Market Services Limited	-	-	-	75
4	Interest Expenses KJMC Capital Market Services Limited	-	-	53	-
5	Brokerage Charges KJMC Capital Market Services Ltd	-	-	16	-
6	Deposit Given/Received Puja Impex Pvt Ltd	-	-	-	200
7	Rent Received KJMC Capital Market Services Ltd	-	-	760	760

Sr. No.	Nature of Transactions with related parties	Associates		Enterprises over which key management personnel / relatives are able to exercise significant influence	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
8	Services Received during the year KJMC Corporate Advisors (India) Ltd KJMC Capital Market Services Ltd	- -	- -	125 -	125 -
9	Rent Paid KJMC Capital Market Services Ltd	-	-	336	293
10	Professional fees Paid KJMC Shares & Securities Ltd	-	-	-	-
11	Advance received for Sale of Shares KJMC Corporate Advisors (India) Ltd	-	-	2,000	-
12	Advance Received for Sale of Shares refunded KJMC Corporate Advisors (India) Ltd	-	-	(2,000)	-
13	Advance Paid for Purchase of Shares KJMC Corporate Advisors (India) Ltd	-	-	(18,013)	-
14	Advance paid for Purchase of Shares received back KJMC Corporate Advisors (India) Ltd	-	-	18,013	-
15	Reimbursement of Expenses received KJMC Capital Market Services Ltd KJMC Corporate Advisors (India) Ltd	- -	- -	- 1	- -
16	Reimbursement of Expenses Paid KJMC Credit Marketing Ltd KJMC Corporate Advisors (India) Ltd KJMC Capital Market Services Ltd Puja Impex Private Ltd	- - - -	- - - -	- 5 59 -	- 169 186 5
17	Purchase / (Sale) of Investment KJMC Corporate Advisors (India) Ltd Puja Impex Pvt Ltd	- -	- -	2738 -	- (740)
18	Net Receivables KJMC Shares & Securities Ltd KJMC Capital Market Services Limited	- -	- -	- -	300 -
19	Net Payables KJMC Capital Market Services Ltd KJMC Mutual Fund	- -	- -	12,000 276	12,000 276
20	Investment KJMC Platinum Builders Pvt. Ltd. KJMC Realty Pvt. Ltd.	- -	653 40	- -	- -

29. List of Subsidiaries considered in the consolidated financial statements are:

Sr. No.	Name of Subsidiary	Country of Incorporation	Ownership Interest	
			31.03.2014	31.03.2013
1.	KJMC Asset Management Company Limited	India	100%	100%
2.	KJMC Investment Trust Company Limited	India	100%	100%

30. Equitable mortgage is created on Office Premises of M/s. Puja Impex Pvt. Ltd., a Company over which the Key Management Personnel /relatives have significant influence, in favor of Union Bank of India on behalf of the company to avail overdraft facility.(As on 31-03-2014 ₹ 29,962 ('000'))
31. The management has identified the Company's operations with a single business segment of non banking financial operations in India. All the assets of the Company are located in India.
32. Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets
As per our report of even date attached

For K.S. Aiyar & Co.
Chartered Accountants
Registration No: 100186W

Sachin A. Negandhi
Partner
Membership No. 112888
Place: Mumbai
Dated: 29th May, 2014

For and on behalf of the Board of Directors

I.C. Jain
Chairman

Girish Jain
Director

Sanjeev S. Sengar
Company Secretary

Place: Mumbai
Dated: 29th May, 2014

KJMC FINANCIAL SERVICES LIMITED

Registered Office : 162, Atlanta, 16th Floor,
Nariman Point, Mumbai - 400 021.
Tel.No.: 022-4094 5500. Email : investor.finance@kjc.com

PROXY

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L99999MH1988PLC047873
Name of the Company : KJMC FINANCIAL SERVICES LIMITED
Registered office : 162, 16th Floor, Atlanta, Nariman Point, Mumbai- 400021
Name of the member (s) : _____
Registered address : _____
Email ID : _____
Folio No/Client ID/DP ID : _____

I/We, being the member(s) of _____ shares of the above named company, hereby appoint:

(1) Name : _____ Address : _____
Email Id : _____ Signature : _____ or failing him
(2) Name : _____ Address : _____
Email Id : _____ Signature : _____ or failing him
(3) Name : _____ Address : _____
Email Id : _____ Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY SIXTH Annual General Meeting of the company, to be held on Saturday, 27 September, 2014 at 10.45 a.m. at Mumbai- S. K. Somani Memorial Hall, Hindi Vidya Bhawan, 79 - Marine Drive, "F" Road, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

- 1 Adoption of Financial statements for the year ended 31 March 2014 and the Directors' and Auditors' Reports thereon.
- 2 Re-appointment Mr. I. C. Jain, who retires by rotation.
- 3 Appointment of M/s. K. S. Aiyar & Co., Chartered Accountants, as Statutory Auditors and fixing their remuneration.

Special Business

- 4 Appointment of Mr. Rajnesh Jain as a Whole Time Director of the Company
- 5 Appointment of Mr. Sureshchandra C. Aythora as an Independent Director.
- 6 Appointment of Mr. Nitin Vasant Kulkarni as an Independent Director.
- 7 Appointment of Mr. Raghunath Mohanlal Kumar as an Independent Director.

Signed this _____ day of _____ 2014

Affix
Rupee.1
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.



KJMC FINANCIAL SERVICES LIMITED

Registered Office : 162, Atlanta, 16th Floor, Nariman Point, Mumbai - 400 021.

ATTENDANCE

(To be handed over at the entrance of the Meeting Hall)

26th Annual General Meeting - 27th September, 2014

I hereby record my presence at the 26TH ANNUAL GENERAL MEETING of the company held on Saturday, 27th September, 2014 at 10:45 a.m. at S.K. Somani Memorial Hall, Hindi Vidya Bhawan, 79 - Marine Drive, "F" Road, Mumbai - 400 020.

Full name of Member (IN BLOCK LETTERS)

Reg.Folio No./Demat ID

No. of shares held

Full name of Proxy (IN BLOCK LETTERS)

.....
Member's / Proxy Signature

REQUEST TO MEMBERS

Members are requested to send their question(s), if any, to the Company Secretary/Chief Financial Officer at the Registered Office of the Company, on or before September 17, 2014, so that the answers/details can be kept ready at the Annual General Meeting.



To,



If Underlivered Please Return To:

KJMC FINANCIAL SERVICES LIMITED

Registered Office: 162, Atlanta, 16th Floor,
Nariman Point, Mumbai – 400 021.

Tel : 91-22-22832350, 22885201, 4094 5500

Fax : 91-22-22852892

Email : investor.finance@kjmc.com, Website : www.kjmc.com