

# KJMC FINANCIAL SERVICES LIMITED

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## MEETING OF THE EQUITY SHAREHOLDERS OF KJMC FINANCIAL SERVICES LIMITED

(convened pursuant to an order dated 26th day of August, 2019 passed by the National Company Law Tribunal, Bench at Mumbai)

### MEETING:

**Day** : Monday

**Date** : 30th day of September, 2019

**Time** : 1.30 p.m. (13.30 hours)

**Venue** : Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
BENCH, AT MUMBAI**

CSA No. 1438 of 2019  
In the matter of application under Sections 230 to 232 of the Companies Act, 2013;  
AND  
In the matter of KJMC Asset Management Company Limited, a company incorporated under the provisions of the Companies Act, 1956  
AND  
In the matter of KJMC Investment Trust Company Limited, a Company incorporated under the provisions of the Companies Act, 1956  
AND  
In the matter of KJMC Financial Services Limited, a Company incorporated under the provisions of the Companies Act, 1956  
AND  
In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited ('the First Transferor Company') and KJMC Investment Trust Company Limited ('the Second Transferor Company') with KJMC Financial Services Limited ('the Transferee Company') and their respective shareholders

KJMC Financial Services Limited, a Company )  
incorporated under the Companies Act, 1956, )  
having its registered office at 162, Atlanta, )  
Nariman Point, Mumbai – 400 021 )  
Email-id [cosec@kjmc.com](mailto:cosec@kjmc.com) )  
.. the Applicant / )  
Transferee Company

**NOTICE CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT / TRANSFEREE COMPANY**

To,  
**All the Equity Shareholders of KJMC Financial Services Limited (the "Applicant / Transferee Company"):**

**NOTICE** is hereby given that by an Order dated 26th day of August, 2019 (the "**Order**"), the Hon'ble National Company Law Tribunal, Bench at Mumbai ("**NCLT**") has directed a meeting to be held of the equity shareholders of the Applicant Company for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("**Scheme**").

In pursuance of the said Order and as directed therein further notice is hereby given that a meeting of the equity shareholders of the Applicant Company will be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400021 on Monday, the 30th day of September, 2019 at 1.30 p.m. (1.30 hours) at which time and place you are requested to attend. At the

meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

**"RESOLVED THAT** pursuant to the provisions of Sections 230 - 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, and subject to the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of Hon'ble National Company Law Tribunal, Bench at Mumbai ("NCLT") and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted / to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme of Amalgamation between KJMC Asset Management Company Limited ("the First Transferor Company") and KJMC Investment Trust Company Limited ("the Second Transferor Company") with KJMC Financial Services Limited ("the Transferee Company") and their respective shareholders ("Scheme") placed before this meeting and initiated by the Chairman of the meeting for the purpose of identification, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any questions or doubts or difficulties that may arise including passing of such accounting entries and/or making such adjustments in the books of accounts as considered necessary in giving effect to the Scheme, as the Board may deem fit and proper."

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company at 162, Atlanta, Nariman Point, Mumbai - 400 021, not later than 48 (forty eight) hours before the time fixed for the aforesaid meeting. The form of proxy is annexed to the notice and can also be obtained free of charge from the registered office of the Applicant Company.

Copies of the Scheme and of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations)

Rules, 2016, along with the enclosures as indicated in the Index are annexed to the notice and can also be obtained free of charge at the registered office of the Applicant Company at 162, Atlanta, Nariman Point, Mumbai - 400 021 or at the office of its advocates, M/s. DUA Associates, 116, Free Press House, 11th floor, 215, Backbay Reclamation III, Nariman Point, Mumbai - 400 021.

NCLT has appointed Mr. Kumar Anurag Singh, Advocate and in his absence, Mr. Anando Mukherjee, Advocate to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

A copy of the Explanatory Statement, under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Scheme and the other enclosures as indicated in the Index are enclosed.

**Sd/-**

**Kumar Anurag Singh**  
Chairman appointed for the meeting

Dated this 29th day of August, 2019

**Registered office:** 162, Atlanta, Nariman Point,  
Mumbai - 400 021

**Notes:**

1. Only registered equity shareholders of the Applicant Company may attend and vote either in person or by proxy (a proxy need not be an equity shareholder of the Applicant Company) or in the case of a body corporate, by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the equity shareholders of the Applicant Company. The authorised representative of a body corporate which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting of the equity shareholders of the Applicant Company provided a copy of the resolution of the board of directors or other governing body of the body corporate authorising such representative to attend and vote at the meeting of the equity shareholders of the Applicant Company, duly certified to be a true copy by a director, the manager, the secretary or other authorised officer of such body corporate, is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the equity shareholders of the Applicant Company.
2. As per Section 105 of the Companies Act, 2013 and the rules made thereunder, a person can act as proxy on behalf of not more than 50 (fifty) equity shareholders holding in aggregate, not more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights. Equity shareholders holding more than 10% (ten percent) of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or equity shareholder.
3. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.
4. All alterations made in the form of proxy should be initialed.
5. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Applicant Company, provided that not less than 3 (three) days of notice in writing is given to the Applicant Company.
6. NCLT by its Order has directed that a meeting of the equity shareholders of the Applicant Company shall be convened and held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021 on Monday, the 30th day of September, 2019 at 1.30 p.m. (1330 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Equity shareholders would be entitled to vote in the said meeting either in person or through proxy.
7. In compliance with the provisions of (i) Section 230(4) read with Sections 108 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 issued by the Securities and Exchange Board of India, the Applicant Company has provided the facility of voting by e-voting so as to enable the equity shareholders, to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, voting by equity shareholders of the Applicant Company to the Scheme shall be carried out through (i) e-voting and (ii) ballot or polling paper at the venue of the meeting to be held on 30th day of September, 2019.
8. The quorum of the meeting of the equity shareholders of the Applicant Company shall be as prescribed under Section 103 of the companies Act, 2013 i. e. 15 (Fifteen) equity shareholders of the Applicant Company, present in person.
9. A registered equity shareholder or his proxy, attending the meeting, is requested to bring the Attendance Slip duly completed and signed.
10. The registered equity shareholders are informed that



- in case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company/ list of beneficial owners as received from National Securities Depository Limited ("NSDL")/ Central Depository Services (India) Limited ("CDSL") in respect of such joint holding, will be entitled to vote.
11. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Applicant Company between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) up to the date of the meeting.
  12. Equity shareholders holding equity shares as on 16th day of August, 2019, being the cutoff date will be entitled to exercise their right to vote on the above resolution.
  13. The Notice, together with the documents accompanying the same, is being sent to all the equity shareholders either by registered post or by courier or by speed post or by hand delivery or electronically by e-mail to those equity shareholders who have registered their e-mail ids with the Applicant Company/registrar and share transfer agents/ NSDL / CDSL, whose names appear in the register of members/list of beneficial owners as received from NSDL/ CDSL as on 16th day of August, 2019. The Notice will be displayed on the website of the Applicant Company [www.kjmcfinserv.com](http://www.kjmcfinserv.com) and on the website of Central Depository Services (India) Limited ("CDSL") [www.evotingindia.com](http://www.evotingindia.com).
  14. A person, whose name is not recorded in the register of members or in the register of beneficial owners maintained by CDSL / NSDL as on the cutoff date i.e. 16th day of August, 2019 shall not be entitled to avail the facility of e-voting or voting at the meeting to be held on 30th day of September, 2019. Voting rights shall be reckoned on the paid-up value of the shares registered in the names of equity shareholders as on Friday, the 16th day of August, 2019. Persons, who are not equity shareholders of the Applicant Company as on the cut-off date i.e. 16th day of August, 2019 should treat this notice for information purposes only.
  15. The voting by the equity shareholders through e-voting shall commence at 9.00 a.m. on Saturday the 31st day of August, 2019 and shall close at 5:00 p.m. on Sunday the 29th day of September, 2019.
  16. The notice convening the meeting will be published through advertisement in (i) Business Standard (Mumbai edition) in the English language; and (ii) translation thereof in Navshakti (Mumbai edition) in Marathi language.
  17. Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI"), inter alia, provides that approval of Public Shareholders of the Applicant Company to the Scheme shall be obtained by way of voting through e-voting. Since, the Applicant Company is seeking the approval of its equity shareholders to the Scheme by way of voting through e-voting, no separate procedure for voting through e-voting would be required to be carried out by the Applicant Company for seeking the approval to the Scheme by its Public Shareholders in terms of SEBI Circular. The aforesaid notice sent to the equity shareholders of the Applicant Company would be deemed to be the notice sent to the Public Shareholders of the Applicant Company. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly. In terms of SEBI Circular the Applicant Company has provided the facility of voting by e-voting to its Public Shareholders.
  18. NCLT, by its Order, has, inter alia, held that since the Applicant Company is directed to convene a meeting of its equity shareholders and the voting in respect of the equity shareholders is through e-voting, the same is in sufficient compliance of SEBI Circular.
  19. In accordance with the provisions of Sections 230 — 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders of the Applicant Company, voting in person or by proxy or e-voting, agree to the Scheme.
  20. The Applicant Company has engaged the services of Central Depository Services (India) Limited ("CDSL") for facilitating e-voting for the said meeting to be held on 30th day of September, 2019. Equity shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 26 below.
  21. Mr. Narayan Parekh, Partner M/s. PRS Associates (Membership No. A-8059) Company Secretaries in practice and in his absence Mr. Sanjay Shringarpure Partner at M/s. PRS Associates (Membership No. F-2857) Companies Secretaries in practice has been appointed as the scrutinizer to conduct the e-voting process and voting at the venue of the meeting in a fair and transparent manner.
  22. The scrutinizer will submit his combined report to the Chairman of the meeting after completion of the scrutiny of the votes cast by the equity shareholders of the Applicant Company through (i) e-voting process and (ii) ballot or polling paper at the venue of the meeting. The scrutinizer's decision on the validity of the vote (including e-votes) shall be final. The results of votes cast through (i) e-voting process and (ii) ballot or polling paper at the venue of the meeting will be announced on or before 1st day of October, 2019 at the registered office of the Applicant Company. The results, together with the scrutinizer's Reports, will be displayed at the registered office of the Applicant Company, on the website of the Applicant Company, [www.kjmcfinserv.com](http://www.kjmcfinserv.com) and on the website of Central Depository Services (India) Limited ("CDSL") [www.evotingindia.com](http://www.evotingindia.com) besides being communicated to BSE Limited.

22. The equity shareholders of the Applicant Company can opt only one mode for voting i.e. e-voting or voting at the venue of the meeting. If an equity shareholder has opted for e-voting, then he/ she shall not be entitled to cast their vote at the meeting.
23. The equity shareholders of the Applicant Company attending the meeting who have not cast their vote through e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity shareholders who have cast their votes through e-voting may also attend the meeting but shall not be entitled to cast their vote again.
24. The voting through e-voting period will commence at 9.00 a.m. (09.00 hours) on Saturday, the 31st day of August, 2019 and will end at 5.00 p.m. (17.00 hours) on Sunday, the 29th day of September, 2019. During this period, the equity shareholders of the Applicant Company holding shares either in physical form or in dematerialized form, as on the cutoff date, i.e. 16th day of August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting on 29th day of September, 2019 at 5.00 p.m. (17.00 hours). Once the vote on the resolution is cast by an equity shareholder, he or she will not be allowed to change it subsequently.
25. Any queries/grievances in relation to the voting by postal ballot or e-voting may be addressed to Mr. Akash Anchan, Company Secretary of the Applicant Company at 162, Atlanta, Nariman Point, Mumbai 400 021 or through email to cosec@kjmc.com. Mr. Akash Anchan, Company Secretary of the Applicant Company can also be contacted at +91 22 - 40945500. Any query/grievance related to the e-voting may be addressed to the Registrar and Share Transfer Agents, Central Depository Services (India) Limited ("CDSL") Unit – KJMC Financial Services Limited - www.evotingindia.com.
26. Voting through Electronic Means
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide E-voting facility to the Equity shareholders to cast their votes electronically on the resolution mentioned in the Notice convening the meeting of the equity shareholders of the company (NCLT convened Meeting). The facility of casting the votes by the members using an electronic voting system from a place other than venue of the NCLT convened Meeting ("remote e-voting") will be provided by Central Depository Services (India) Limited ("CDSL").
  - II. The facility for voting through ballot paper shall be made available at the NCLT convened Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to

exercise their right at the meeting through ballot paper.

- III. The members who have cast their vote by remote e-voting prior to the NCLT Convened Meeting may also attend the NCLT Convened Meeting but shall not be entitled to cast their vote again.

**IV. The process and manner for remote e-voting are as under:**

- a. The voting period begins on 31st day of August, 2019 (9:00 am) and ends on 29th day of September, 2019 (5:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 16th day of August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- c. Click on Shareholders / Members
- d. 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.
- e. Next enter the Image Verification as displayed and Click on Login.
- f. 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. a
- g. If you are a first time user follow the steps given below:

For members holding shares in Demat Form and Physical Form	
<b>PAN</b>	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"> <li>● 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 sequence number (refer serial no. printed on the name and address sticker/mail) in the PAN field.</li> <li>● In case the sequence 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 serial number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (d).</li> </ul>

- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then directly reach 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.

- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for the relevant Company name i.e. KJMC Financial Services Limited on which you choose to vote.
- l. 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.
- m. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- n. 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.
- o. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- q. If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- r. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- s. 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](http://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](mailto:helpdesk.evoting@cdslindia.com).

- After receiving the login details 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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- t. 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- Member can cast their vote online from 9:00 A.M on 31st day of August, 2019 to 5:00 P.M on 29th day of September, 2019.
- The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut- off date, being 16th day of August, 2019
- The Board of Directors have appointed Mr. Narayan Parekh, Company Secretary in practice and in his absence Mr. Sanjay Shringarpure as a Scrutinizer to scrutinize the e- voting process in a fair and transparent manner
- The Scrutinizer shall within a period not exceeding 48 hours from the conclusion of the e-voting unblock the votes in the presence of at least two (2) witnesses, not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favor of or against, if any, forthwith to the Chairman of the Company.
- The results on resolutions shall be declared on or after the Meeting of the Company and the resolution will be deemed to be passed on the NCLT convened Meeting date subject to receipt of the requisite number of votes in favor of the Resolution (s)
- The Results declared along with the Scrutinizer’s Report(s) will be available on the website of the Company, [www.kjmcfinserv.com](http://www.kjmcfinserv.com) and Service provider’s Website ([www.evotingindia.com](http://www.evotingindia.com)) within 2 days of the passing of the resolutions at the NCLT convened Meeting of the Company and communicated to the Stock Exchanges

Encl.:As above

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
BENCH, AT MUMBAI**

CSANo. 1438 of 2019  
In the matter of application under Sections  
230 to 232 of the Companies Act, 2013;

AND

In the matter of KJMC Asset Management  
Company Limited, a company  
incorporated under the provisions of the  
Companies Act, 1956

AND

In the matter of KJMC Investment Trust  
Company Limited, a Company  
incorporated under the provisions of the  
Companies Act, 1956

AND

In the matter of KJMC Financial Services  
Limited, a Company incorporated under  
the provisions of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation  
of KJMC Asset Management Company  
Limited ('the First Transferor Company')  
and KJMC Investment Trust Company  
Limited ('the Second Transferor  
Company') with KJMC Financial Services  
Limited ('the Transferee Company') and  
their respective shareholders

KJMC Financial Services Limited, a Company  
incorporated under the Companies Act, 1956,  
having its registered office at 162, Atlanta,  
Nariman Point, Mumbai – 400 021

Email-id [cosec@kjmc.com](mailto:cosec@kjmc.com)

.. the Applicant /  
Transferee Company

**EXPLANATORY STATEMENT UNDER SECTIONS  
230(3), 232(1) AND (2) AND 102 OF THE COMPANIES  
ACT, 2013 READ WITH RULE 6 OF THE COMPANIES  
(COMPROMISES, ARRANGEMENTS AND  
AMALGAMATIONS) RULES, 2016**

Pursuant to the order dated 26th day of August, 2019, passed by the Hon'ble National Company Law Tribunal, Bench at Mumbai (the "NCLT"), in Company Scheme Application No. 1438 (MAH) of 2019 ("Order"), a meeting of the equity shareholders of KJMC Financial Services Limited (hereinafter referred to as the "Applicant Company" or the "Transferee Company" or "KFSL" as the context may admit) is being convened at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400021 on Monday, the 30th day of September, 2019 at 1.30 p.m. (1330 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation between KJMC Asset Management Company Limited (hereinafter referred to as the "First Transferor Company" or "KAMCL" as the context may admit) and KJMC Investment Trust Company Limited (hereinafter referred to as the "Second Transferor Company" or "KITCL" as the context may admit) with KJMC Financial Services Limited (hereinafter referred to as the "Transferee Company" or "KFSL" as the context may admit) and their respective shareholders under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 (the

"Scheme"). KAMCL, KITCL and KFSL are together referred to as the "Companies". A copy of the Scheme, which has been, inter alia, as approved by the Board of Directors of the Applicant Company at their meeting held on 23rd day of January, 2019, is enclosed as Annexure 1. Capitalized terms used herein but not defined shall have the meaning assigned to them in the Scheme, unless otherwise stated.

1. In terms of the said Order, the quorum for the aforesaid meeting of the Equity Shareholders of the Applicant Company shall be as prescribed under Section 103 of the Companies Act, 2013 which shall be 15 (Fifteen) equity shareholders present in person. Further in terms of the said Order, NCLT, has appointed Mr. Kumar Anurag Singh, Advocate and in his absence, Mr. Anando Mukherjee, Advocate as the Chairman of the meeting of the Applicant Company including for any adjournment or adjournments thereof.
2. This statement is being furnished as required under Sections 230(3), 232(1) and (2) and 102 of the Companies Act, 2013 (the "Act") read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the "Rules").
3. As stated earlier, NCLT by its said Order has, inter alia, directed that a meeting of the equity shareholders of the Applicant Company shall be convened and held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400021 on Monday, the 30th day of September, 2019 at 1.30 p.m. (1330 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme. Equity shareholders would be entitled to vote in the said meeting either in person or through proxy.
4. In addition, the Applicant Company is seeking the approval of its equity shareholders to the Scheme by way of voting through e-voting. Circular No. CFD/DIL3/CIR/2017/21 dated 10th day of March, 2017 ("SEBI Circular") issued by the Securities and Exchange Board of India ("SEBI"), inter alia, provides that approval of Shareholders of the Applicant Company to the Scheme shall be obtained by way of voting through e-voting. Since, the Applicant Company is seeking the approval of its equity shareholders 10
5. to the Scheme by way of voting through e-voting, no separate procedure for voting through e-voting would be required to be carried out by the Applicant Company for seeking the approval to the Scheme by its Shareholders in terms of SEBI Circular. NCLT, by its Order, has, inter alia, held that since the Applicant Company is directed to convene a meeting of its equity shareholders and the voting in respect of the equity shareholders, is through e-voting, the same is in sufficient compliance of SEBI Circular.
5. In accordance with the provisions of Sections 230 — 232 of the Act, the Scheme shall be acted upon only if a majority in persons representing three fourths in value of the equity shareholders, of the Applicant



Company, voting in person or by proxy, agree to the Scheme.

6. In terms of the Order dated 26th day of August, 2019, passed by the NCLT, in Company Scheme Application No. 1438 (MAH) of 2019, if the entries in the books /register of the Applicant Company in relation to the number or value, as the case may be, of the equity shares are disputed, the Chairman of the meeting shall determine the number or value, as the case may be, for the purposes of the said meeting and his decision in that behalf would be final.

**Particulars of KJMC Financial Services Limited (KFSL)**

7. KJMC Financial Services Limited (KFSL) was incorporated as a Private Limited Company under the Companies Act, 1956 on 29th June, 1988 in the name of Khandelwal Jain Management Consultancy Services Private Limited in the State of Maharashtra. The name of the Transferee Company was changed from Khandelwal Jain Management Consultancy Services Private Limited to KJMC Financial Services Private Limited and obtained a fresh certificate of incorporation dated 17th December, 1993 consequent on change of name from the Registrar of Companies, Mumbai, Maharashtra. The name of the Transferee Company (KFSL) was further changed from KJMC Financial Services Private Limited to KJMC Financial Services Limited and obtained a fresh certificate of incorporation dated 28th October, 1994 consequent on change of name from the Registrar of Companies, Mumbai, Maharashtra.

There has been no further change in the name of KFSL in the last five (5) years.

The Corporate Identification Number of KFSL is L65100MH1988PLC047873.

The Permanent Account Number of KFSL is AAACK4714E. The shares of KFSL are listed on BSE Limited (BSE).

8. The Registered office of the KFSL / Transferee Company is presently situated at 162, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.

There has been no change in the registered office address of KFSL in the last five (5) years.

The e-mail address of KFSL is [cosec@kjmc.com](mailto:cosec@kjmc.com).

9. The objects for which KFSL has been established are set out in its Memorandum of Association. The main objects of KFSL are as follows:

- To undertake, procure, render, provide, supply, establish and maintain services, facilities, conveniences, assistance, cooperation, supervision, guidance, consultation and advice in the field of commerce, industry, trade and science and in the matter of laws, revenues, taxation, finance, fiscal organization management, administration personnel, designing of accounting costing records, marketing, distributing, publicity, insurance banking import, export statistic,

mathematics, software and hardware and other technologies including accounting and management services.

- To carry on the business of general financiers and without prejudice to the generality hereof (i) to lend and give moneys and or place deposits or provide financial assistance with or without security in the form of home loans, personal loans, property development finance, construction loans, loans against shares, loans against property, inter corporate deposits, general purpose loans, provide education loans and other types of consumer loans, corporate loans, demand loans, loans of any other nature, provide working capital loans in any form and terms including discounting of bills, lease rent discounting, provide margin funding, equipment purchase loans, provide IPO Funding to any company, body corporate, trust, firm, person or association, individuals with or without security; (ii) to provide venture capital, private equity, loan capital; (iii) to contribute in or subscribe to equity/preference share capital; (iv) to give guarantees on behalf of any person and companies; (v) to provide long-term finance for development of infrastructure inland container depot and container freight stations, mass rapid transit system, light rail transit system, expressways, intra-urban or semi-urban roads like ring roads of urban by-passes or flyovers, bus and truck terminals, subways, road dividers, bulk handling terminals which are developed or operated for development of rail system, multilevel computerized car parking and other infrastructure projects in the fields of roads, highways, power generation and for power distribution and any other form of power, telecommunication services, bridges, ports, docks, waterways, airports, rail systems, water supply, water treatment, irrigation, sanitation and sewerage systems, pipeline transportation, special economic zones or other export promotion parks, software technology parks, electronic hardware parks, biotechnology parks and any other industrial parks or any other public facility of similar nature that may be notified in future as infrastructure facility either by a state government(s) and/or the government of India or any other appropriate authority or body; (vi) to undertake infrastructure financing in all angles whether expressly mentioned herein or not; including providing long term and short term loans, lease finance, working capital financing, giving guarantees and any other financial assistance as may be conducive for development, construction, operation and maintenance of infrastructure projects in India; (vii) to provide finance through web /internet based applications and/or mobile app and to provide finance through various payment options, inter alia, credit cards, prepaid cards, stored value cards, debit cards, either in partnership or by self, subject to regulatory approvals, as may be required from time to time; and (viii) to undertake securitization, assignment and re-assignment, currency and interest rate and credit swaps, commodity swaps, forward trading, derivatives, mezzanine finance,



derivatives, syndicated and consortium finance and (ix ) to borrow or raise monies through capital markets, public & any means including bank finance, securitization, borrowings from NBFC, insurance companies, corporates, funds, etc. whether Indian or foreign.

- To carry on the business of Investment/finance company in all its branches and to invest, sell, purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, units, hedge instruments, security receipts, warrants, certificates, premium notes, treasury bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options, futures, money market instruments marketable or non-marketable, securities, derivatives, and other instruments whether listed or unlisted, including securities issued, guaranteed by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, state, dominion sovereign, ruler, commissioner public body or authority, supreme, municipal, local or otherwise and other organizations/entities persons and to acquire and hold controlling and other interests in the securities or loan capital of any issuer company or companies.
- To carry on the business as financial intermediaries, brokers, dealers, agents, share broking, money broking, property broking & consultants, exchange broking, bill broking, banking business correspondents and general brokers for shares, securities, obligations, commodities, bullion currencies, portfolio managers of funds of any person, firm, body corporate or trust for investing in growth fund, income fund, tax exempt funds, pension/superannuation funds and to pass on the benefits of portfolio investments to the investors as income distribution dividends, bonus, interest, charge processing fees, etc.
- To carry on the business as a promoter/sponsor of mutual fund, investment trust, asset manager of any trust or fund including any mutual fund, growth fund, hedge fund, infrastructure fund, income or capital funds, tax or exempted funds, provident funds, gratuity funds, pension funds, superannuation funds, charitable funds or consortia and/or all other funds and/or to provide advisory and/or consultancy services for investments and financial services, exchange of research information and analysis on a commercial basis, render corporate advisory services and/or manage a portfolio of securities and/or to pursue such other activities as may be necessary for attainment of these purposes.
- To carry on the business as a securitization and or asset reconstruction company and for that purpose to purchase, acquire, invest, transfer, sell, dispose of or trade in participation certificates, participation units, securitized debts, assets backed securities or mortgage backed securities or security receipts or debts whether representing financial assets, receivables, debts, whether secured by mortgage of movables or hypothecation or charge on movables or otherwise, whether existent, accruing, conditional, contingent, future, performing or non-performing, impaired or unimpaired or otherwise; to purchase, acquire, invest, transfer, sell, dispose of or trade in or issue to public or private investors securities or instruments or certificates issued thereof on a discretionary basis or non-discretionary basis on behalf of any person or persons (whether individual, firm, companies, bodies corporate, government, state, sovereign, public body or authority, supreme, local or trusts, pension funds, offshore funds, charities or other associations or entities whether in private or public sector.
- To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire-purchase or on easy payment system household and office furniture, domestic or business appliances, computers, tabulators, addressing machine and other sophisticated office machinery, installation fitting, machinery, motor cars, taxi-cabs, mopeds, scooters, motorcycles, 3-wheelers, auto-rickshaws, automobiles, tramcars, motor lorries, tractors, earthmoving machinery, wagons, cycles, bicycles, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, air-ships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, furniture, wireless and television receivers, telephones, telex, teleprinters, or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of movable properties of any kind, machinery, plant of all kinds to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus, machinery, materials, goods and articles, to hire out or sell any of the same on hire purchase system.
- Subject to the provisions of the Insurance Regulatory & Development Authority Act, 1999 and other enactments, as amended from time to time and the rules and regulations framed there under, to undertake, carry on and transact the business of soliciting or procuring insurance business as an insurance agent and/or to act as an insurance intermediary or broker in respect of general insurance, life insurance or reinsurance business or to act as a composite broker and/or to carry on the business of distribution of insurance products and/or to act as an insurance consultant and/or to act as surveyors and loss assessors.
- To do all types of non-banking financial services, investment banking services and such other activities as may be permitted under the directions, rules, master circulars, guidelines issued by the Reserve Bank of India (RBI) and/or under the



regulations issued by the Securities and Exchange Board of India (SEBI) or under the Negotiable Instruments Act.

There has been no change in the object clause of KFSL in the last 5 years.

10. The brief description of some of the major businesses being carried out by KJMC along with its subsidiaries, joint ventures and associates are as under:
  - a) KFSL is engaged in the business of financial services. KFSL is a Public Company and its shares are listed on BSE Limited and also registered with Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC).
  - b) KFSL holds 100% paid-up equity share capital of KJMC Asset Management Company Limited, is incorporated to carry on the business of management of mutual funds, transferrable securities and investment in units, securities, debts etc.
  - c) KFSL holds 100% of the paid-up equity share capital of KJMC Investment Trust Company Limited which is engaged in the business of undertaking trusteeship of Mutual funds. There are no much business activities at present in the company.
  - d) KFSL holds 100% of the paid-up equity share capital of KJMC Trading & Agency Limited which is engaged in the business activities of trading and agency, inter alia as commission agents, consignee agents, stockiest, distributors merchant traders etc.
  - e) KFSL holds 34.04% of the paid-up equity share capital of KJMC Platinum Builders Private Limited which is engaged in the business activities of development, maintenance and construction of roads, flyovers, bridges, highways, express ways, docks, etc.
11. The Authorized, Issued, Subscribed and Paid Up Share Capital of KFSL / the Transferee Company as per the Latest Audited Balance Sheet as at 31st March, 2019 is as under:

Share Capital	Amount in Rs.
3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000
85,000 Redeemable Preference shares of Rs.100/- each	85,00,000
1,15,000 - 0% Compulsorily Convertible Preference Shares of Rs.100/- each	1,15,00,000
13,00,000 Preference Shares of Rs.100/- each.	13,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
Issued, Subscribed and Paid Up Capital	
47,85,740 Equity Shares of Rs. 10/- each	4,78,57,400
<b>Total</b>	<b>4,78,57,400</b>

12. Subsequent to 31st March, 2019, there is no change in the Authorized, issued, subscribed and paid up share capital of KFSL.

Particulars of KJMC Asset Management Company Limited (KAMCL)

13. KJMC Asset Management Company Limited (KAMCL) was incorporated as a Public Limited Company under the Companies Act, 1956, on 27th November, 1998 in the name of KJMC Asset Management Company Limited in the State of Delhi. KAMCL has obtained a certificate for commencement of business dated 16th March, 1999 from the office of the Registrar of Companies, NCT of Delhi & Haryana. The Hon'ble Company Law Board Northern Region, New Delhi vide its order dated 30th September, 2010 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Maharashtra. Accordingly the Company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Mumbai, Maharashtra. The CIN of the Company is U74140MH 1998PLC220222.

There has been no further change in the name of KAMCL in the last five (5) years.

The Permanent Account Number of KAMCL is AAACK9265C.

The equity shares of KAMCL are not listed on any stock exchanges.

14. The Registered Office of KAMCL is situated at 168, Atlanta, 16th Floor, Nariman Point, Mumbai- 400 021.

There has been no change in the registered office address of KAMCL in last five (5) years.

The e-mail address of KAMCL is cosec@kjmc.com.

15. The objects of the KAMCL are as set out in its Memorandum and Articles of Association are inter alia as follows:-

- To undertake the business of management of Mutual Funds.
- To carry on the business of transferrable securities.
- To promote, establish, manage and carry on any mutual fund operation, investment in units, securities debts, promissory notes, money market investments, securities of the government, State, company, Corporation, Municipal or Local or other Body Corporate in India or in foreign country directly or for the benefit in other person or persons.

There has been no change in the object clause of KAMCL in the last 5 years.

16. KAMCL is incorporated to carry on the business of management of mutual funds, transferrable securities and investment in units, securities, debts etc. KAMCL is an Unlisted Public Company and the entire Issued, Subscribed and Paid up Equity Share Capital is held by the KFSL. By virtue of the

Shareholding pattern, the First Transferor Company (KAMCL) is a Wholly Owned Subsidiary of the Transferee Company (KFSL).

17. The Authorised, Issued, Subscribed and Paid up Share Capital of KAMCL as on 31st day of March 2019 and as on date is as under.

Share Capital	Amount in Rs.
<b>Authorised Share Capital</b>	
1,20,00,000 Equity Shares of Rs 10/- each.	12,00,00,000
<b>Total</b>	<b>12,00,00,000</b>
<b>Issued, Subscribed and paid up capital</b>	
1,02,50,000 Equity Shares of Rs10/- each	10,25,00,000
<b>Total</b>	<b>10,25,00,000</b>

18. Subsequent to 31st March, 2019, there is no change in the Authorised, issued, subscribed and paid up share capital of KAMCL.

19. KFSL holds 1,02,50,000 (100%) equity shares in KAMCL. KAMCL is a wholly owned subsidiary company of KFSL. On amalgamation of KAMCL with KFSL, these equity shares will stand cancelled as provided in the Scheme.

Particulars of KJMC Investment Trust Company Limited (KITCL)

20. KJMC Investment Trust Company Limited (KITCL) was incorporated as a Public Limited Company under the Companies Act, 1956, on 1st December, 1998 in the name of KJMC Investment Trust Company Limited in the State of Delhi. The Company has obtained a certificate for commencement of business dated 16th March, 1999 from the office of the Registrar of Companies, NCT of Delhi & Haryana. The Hon'ble Company Law Board Northern Region, New Delhi vide its order dated 4th October, 2010 has sanctioned a Petition for shifting of the Registered Office of the Company from the State of Delhi to the State of Maharashtra. Accordingly the Company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Mumbai, Maharashtra. The CIN of the Company is U74899MH1998PLC213839.

There has been no further change in the name of KITCL in the last five (5) years.

The Permanent Account Number of KITCL is AABCK5636K.

The equity shares of KITCL are not listed on any stock exchanges.

21. The Registered Office of KITCL is situated at 168, Atlanta, 16th Floor, Nariman Point, Mumbai- 400 021.

There has been no change in the registered office

address of KITCL in last five (5) years.

The e-mail address of KITCL is cosec@kjmc.com.

22. The objects of the KITCL are as set out in its Memorandum and Articles of Association are inter alia as follows:-

- To undertake trusteeship of Mutual Funds.

There has been no change in the object clause of KITCL in the last 5 years.

23. KITCL is engaged in the business of undertaking trusteeship of Mutual funds. There are no much business activities at present in the company. KITCL is an Unlisted Public Company and the entire Issued, Subscribed and Paid up Equity Share Capital is held by the KFSL. By virtue of the Shareholding pattern, the Second Transferor Company (KITCL) is a Wholly Owned Subsidiary of the Transferee Company (KFSL).

24. The Authorised, Issued, Subscribed and Paid up Share Capital of KITCL as on 31st day of March 2019 and as on date is as under.

Share Capital	Amount in Rs.
<b>Authorised Share Capital</b>	
1,50,000 Equity Shares of Rs 10/- each.	15,00,000
<b>Total</b>	<b>15,00,000</b>
<b>Issued, Subscribed and paid up capital</b>	
1,50,000 Equity Shares of Rs 10 /-each	15,00,000
<b>Total</b>	<b>15,00,000</b>

25. Subsequent to 31st March, 2019, there is no change in the Authorised, issued, subscribed and paid up share capital of KITCL.

26. KFSL holds 1,50,000 (100%) equity shares in KITCL. KITCL is a wholly owned subsidiary company of KFSL. On amalgamation of KITCL with KFSL, these equity shares will stand cancelled as provided in the Scheme.

#### Description and Objective of the Scheme

27. The Scheme provides for, inter alia,
- the amalgamation of KAMCL and KITCL with KFSL
  - cancellation of the equity shares held by KFSL in KAMCL and KITCL;
  - dissolution without winding up of KAMCL and KITCL
  - merger of the authorised share capital of KAMCL and KITCL with the authorised share capital of KFSL
  - various other matters consequential to or otherwise integrally connected with the above.

The proposal is to be implemented in terms of the Scheme under Sections 230 - 232 of the Act.

28. The objective is stated in Clause 1.2 of Part C of the Scheme (Annexure 1) and is as under:



- KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of KJMC Financial Services Limited, the Transferee Company. All the three companies are part of the same group.
  - Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company has decided to amalgamate the Transferor Companies together with their business and undertakings, with the Transferee Company, so as to achieve the following:
    - a) Consolidation of businesses of the Transferor Companies (all of which are wholly-owned subsidiaries of the Transferee Company and all engaged in Financial services and its related support businesses) and the Transferee Company into a single entity which would result in the business activities to be carried out with greater focus and specialization thus, leading to the objective of achieving sustained growth.
    - b) Enable the shareholders of KJMC Financial Services Limited to get direct participation in the business of its present wholly owned subsidiaries (being KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited)
    - c) Simplified group and business structure;
    - d) Elimination of multiplicity of the companies leading to synergies in operations, achieving efficiencies and economies of scale and reduction in operational costs, overheads, administrative and other expenditure.
    - e) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
    - f) The proposed amalgamation is in line with the global trend to achieve size, scale, integration and greater financial strength and flexibility, in the interest of maximizing shareholders value. The merged entity i.e. the Transferee Company is likely to achieve higher long-term financial returns than that could be achieved by the Transferor Companies and the Transferee Company individually.
    - g) The Transferor Companies believe that the financial managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies pooled in the merged entity will lead to increased competitive strength, cost reduction and efficiencies thereby significantly contributing to future growth.
    - h) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- i) Reducing time and efforts for consolidation of financials at group level.
- Major Developments / Actions post announcement of the Scheme
29. There are no major developments / actions taken place since announcement of the scheme.
- Corporate Approvals**
30. The proposed Scheme was placed before the Audit Committee of KFSL at its meeting held on 23rd day of January, 2019. The Audit Committee of KFSL took into account the Scheme. The Audit Committee of KFSL based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of KFSL.
31. The Scheme was placed before the Board of Directors of KFSL, at its meeting held on 23rd day of January, 2019. The report of the Audit Committee was also submitted to the Board of Directors of KFSL. Based on the aforesaid, the Board of Directors of KFSL approved the Scheme. The meeting of the Board of Directors of KFSL, held on 23rd day of January, 2019, was attended by six (6) directors (namely, Mr. Inderchand Jain, Mr Sureshchandra C. Aythora, Mr Nitin Kulkarni, Mr. Rajnesh Jain, Mr. Girish Jain, and Mrs. Aditi Jain in person). None of the Directors of KFSL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of KFSL who attended and voted at the meeting.
32. The proposed Scheme was placed before the Audit Committee of KAMCL at its meeting held on 23rd day of January, 2019. The Audit Committee of KAMCL took into account the Scheme. The Audit Committee of KAMCL based on the aforesaid, inter alia, recommended the Scheme to the Board of Directors of KAMCL.
33. The Scheme was placed before the Board of Directors of KAMCL, at its meeting held on 23rd day of January, 2019. The report of the Audit Committee was also submitted to the Board of Directors of KAMCL. Based on the aforesaid, the Board of Directors of KAMCL approved the Scheme. The meeting of the Board of Directors of KAMCL, held on 23rd day of January, 2019, was attended by four (4) directors (namely, Mr. Rameshchandra Jain, Mr. Girish Jain, Mr. Nitin Kulkarni and Mr. Rajnesh Jain in person). None of the Directors of KAMCL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of KAMCL who attended and voted at the meeting.
34. The Scheme was placed before the Board of Directors of KITCL, at its meeting held on 23rd day of January, 2019. Based on the aforesaid, the Board of Directors of KITCL approved the Scheme. The meeting of the Board of Directors of KITCL, held on 23rd day of

January, 2019, was attended by two (2) directors (namely, Mr. Inderchand Jain and Mr. Anil Sampat in person). None of the Directors of KITCL who attended the meeting voted against the Scheme. Thus, the Scheme was approved unanimously by the Directors of KITCL who attended and voted at the meeting.

#### **Approvals and actions taken in relation to the Scheme**

35. The shares of KFSL, the Transferee Company are listed on BSE Limited. The provisions of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 shall not apply to Schemes which solely provides for merger of a wholly owned subsidiary with the Parent company.
36. Reference is made to the **SEBI (LODR) (Amendment) Regulations, 2017 whereby the Sub-Regulation (6) to Regulation 37 is inserted.** The Transferor Companies are wholly owned subsidiaries of the Transferee Company. However the Transferee company as per the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 has filed draft Scheme with BSE Limited on 22nd February, 2019 and the same has been disseminated by BSE Limited on its website.
37. KJMC Financial Services Limited, the Transferee Company is a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI). Pursuant to the NBFC guidelines issued by Reserve Bank of India, the Transferee Company has made an application for seeking no objection to the Scheme of Amalgamation from Reserve Bank of India and accordingly received no objection from Reserve Bank of India (RBI) vide its letter no. 1339/13.11.053/2017-18 dated 27th February, 2019.
38. The shares of KAMCL and KITCL are not listed on any stock Exchanges.
39. The Companies or any of them would obtain such necessary approvals/sanctions/no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, if so required.
40. The joint application along with the annexure thereto (which includes the Scheme) was filed by the Companies with the NCLT, on 25th day of March, 2019.
41. This notice convening Meeting of the Equity Shareholders of the Applicant Company along with aforesaid documents are placed on the website of the Company viz. [www.kjmcfinserv.com](http://www.kjmcfinserv.com).

#### **Salient extracts of the Scheme**

42. The salient extracts of the Scheme are as Under:

#### **DEFINITIONS.**

- A. **"Appointed Date"** means 1st April, 2018 or such other date as the National Company Law Tribunal [NCLT] Mumbai or any other Competent Government Authority may direct, which shall be the date with effect from which this Scheme shall become effective and with effect from which date the Transferor Companies shall amalgamate with the Transferee Company in

terms of the Scheme, upon the order sanctioning this Scheme becoming effective.

- B. **"Effective Date"** shall mean the last of the dates on which a certified copy of the order passed by the NCLT Tribunal of Judicature at Mumbai or any other Competent Government Authority sanctioning the Scheme, is filed by KAMCL, KITCL and KFSL respectively, with the Registrar of Companies, Maharashtra, Mumbai in terms of Section 232 (5) or any other provisions if any of the Companies Act, 2013.
- C. **"Transferred Undertaking"** means and includes the whole of the undertaking of the Transferor Companies together, as on the Appointed Date (further details of which are set out in Paragraph 3.2. thereof), and includes:
  - i. all assets of the Transferor Companies, wherever situated, as are movable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, furniture, fixtures, appliances, accessories, office equipment, communication facilities, installations, vehicles, utilities, actionable claims, earnest monies, security deposits and sundry debtors, bills of exchange, inter corporate deposits, financial assets and accrued benefits thereto, insurance claims recoverable, prepaid expenses, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cheques and other negotiable instruments, cash and bank balances and deposits including accrued interests thereto with Governmental Authority, other authorities, bodies, customers and other persons, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit and tax related assets (including service tax, input credits, GST, value added tax or set-offs and any other tax benefits, exemptions and refunds under any other statutes)
  - ii. all immovable properties including any tenancies in relation to office space, building plans, guest houses and residential premises and documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;
  - iii. all investments of the Transferor Companies including in the form of shares, scrips, stocks, bonds, debentures, debenture stock, units or pass through certificates and other securities and instruments, including all rights, interest and entitlement in relation thereto and rights and options exercised and application or subscription made for or in relation thereto ("Investments");
  - iv. all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions of the Transferor Companies including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto



("Licenses");

- v. all benefits, entitlements, incentives and concessions under incentive schemes and policies including under service tax, GST, VAT and income tax laws including MAT credit, subsidy receivables from Government, grants from any Governmental Authority, all other direct tax benefit/ exemptions/ deductions, to the extent statutorily available to the respective Transferor Companies, alongwith associated obligations;
- vi. all contracts, agreements, Joint Venture Agreement, memorandum of understanding, bids, tenders, expressions of interest, letters of intent, commitments including to clients, and other third parties, hire and purchase arrangements, other arrangements, undertakings, deeds, bonds, investments and interest in projects undertaken by the Transferor Companies, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Companies are parties, or to the benefit of which the Transferor Companies may be eligible ("Contracts")
- vii. all intellectual property rights of the Transferor Companies, including pending applications (including hardware, software, source codes, parameterization and scripts), registrations, goodwill, logos, trade names, trademarks, service marks, copyrights, patents, technical know-how, trade secrets, domain names, computer programmes, moral rights, development rights, finished and ongoing research and development programs and all such rights of whatsoever description and nature, whether or not registered, owned or licensed, including any form of intellectual property which is in progress ("Intellectual Property");
- viii. all employees of the Transferor Companies, whether permanent or temporary, engaged in or in relation to the Transferor Companies as on the Effective Date and whose services are transferred to the Transferee Company ("Transferred Employees") and contributions, if any, made towards any provident fund, employees state insurance, gratuity fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such Transferred Employees ("Funds"), together with such of the investments made by these Funds, which are referable to such Transferred Employees;
- x. all loans, debts, borrowings, obligations, duties, forward contract liability, cash credits, bills discounted, deferred income, contingent liability and liabilities (including present, future and contingent liabilities) pertaining to or arising out of activities or operations of the Transferor Companies, including obligations relating to guarantees in respect of borrowings and other guarantees ("Transferred Liabilities");
- x. all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) that pertain to the Transferor Companies, initiated by or against the Transferor Companies or proceedings or investigations to which the Transferor Companies is party to, whether pending as on the Appointed Date or which may be instituted any time in the future

("Proceedings");

- xi. all taxes, duties, cess, income tax benefits or exemptions including the right to claim deduction, to carry forward losses and tax credits under any provision of the Income Tax Act etc., that are allocable, referable or related to the Transferor Companies, including all credits under Income tax Act, including MAT credit, book losses (if any), all or any refunds, interest due thereon, credits and claims relating thereto; and
- xii. all books, records, files, papers, engineering and process information, building plans, databases, catalogues, quotations, advertising materials, lists of present and former credit, and all other books and records, whether in physical or electronic form, of the Transferor Companies.

#### **D. Transfer & Vesting of the Transferor Companies**

Upon the order of the NCLT sanctioning the Scheme becoming effective, on and from the Appointed Date, the Transferred Undertaking of the Transferor Companies shall, together with all its properties, assets, agreements, joint venture Agreements, expression of Interest (EOI), rights, benefits, interests, liabilities and obligations, subject to the provisions of Paragraph 3.2 of the Scheme in relation to the mode of vesting, and without any further deed or act and in accordance with Sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions of law, be transferred to and vested in and be deemed to have been transferred to and vested in, the Transferee Company, as a going concern.

#### **E. Assets**

- In respect of such assets of the Transferor Companies as are moveable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same shall stand transferred to and be vested in the Transferee Company and shall become the property of the Transferee Company. The vesting pursuant to this paragraph shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly, without requiring execution of any deed or instrument of conveyance for the same.
- In respect of such assets of the Transferor Companies as are or represent Investments registered and/or held in any form by or beneficial interest wherein is owned by the Transferor Companies, the same shall stand transferred/transmitted to and be vested in and/or be deemed to have been transferred/transmitted to and vested in the Transferee Company, together with all rights, benefits and interest therein or attached thereto, without any further act or deed and thereupon the Transferor Companies shall cease to be the registered and/or the beneficial owner of such investments. The Transferor Companies shall be deemed to be holding such investments for and on behalf of and in trust for and for the benefit of the Transferee Company and all profits or dividends and other rights or benefits accruing/paid/distributed on such investments and all taxes thereon, or losses

arising or expenses incurred relating to such investments, shall, for all intent and purposes, be treated as the profits, dividends, rights, benefits, taxes, losses or expenses, as the case may be, of the Transferee Company.

- In respect of such of the moveable assets belonging to the Transferor Companies other than those specified in paragraph 3.2.1(a) and (b) of the Scheme, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the same shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the applicable laws, wherever applicable), without any further act, instrument or deed by the Transferor Companies or the Transferee Company or the need for any endorsements, stand transferred from the Transferor Companies to and in favour of the Transferee Company. Any security, lien, encumbrance or charge created over any assets in relation to the loans, or borrowings or any other dues of the Transferor Companies, shall, without any further act or deed, stand transferred to the benefit of the Transferee Company and the Transferee Company will have all the rights of the Transferor Companies to enforce such security, lien, encumbrance or charge, by virtue of this Scheme
- All immovable properties of the Transferor Companies including any tenancies in relation to warehouses, office space, guest houses and residential premises and all documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties, shall stand transferred to and be vested in and be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done/executed or being required to be done/executed by the Transferor Companies or the Transferee Company or both. The Transferee Company shall be entitled to exercise and enjoy all rights and privileges attached to the immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations and be entitled to all rights in relation to or as applicable to such immovable properties.

**F. Licenses & Certificates**

All Licenses, permits, registrations & ownership certificate issued by various registering & statutory authorities relating to the Transferor Companies shall stand transferred to and be vested in the Transferee Company, without any further act or deed done by the Transferor Companies or the Transferee Company and be in full force and effect in favour of the Transferee Company, as if the same were originally given to, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

**G. Benefits, Entitlements, Incentives and**

**Concessions**

All benefits, entitlements, incentives and concessions under incentive schemes and policies that the respective Transferor Companies is entitled to, including under service tax, GST, VAT and income tax laws including MAT credit, subsidy receivables from Government, grants from any governmental authority, direct tax benefits/ exemptions/ deductions, shall, to the extent statutorily available and alongwith associated obligations, stand transferred to and be available to the Transferee Company as if the Transferee Company was originally entitled to all such benefits, entitlements, incentives and concessions.

**H. Contracts**

- All Contracts and Agreements of the Transferor Companies which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.
- Any inter-se contracts between the Transferor Companies on One hand and the Transferee Company on the other hand and Transferor companies amongst themselves shall stand cancelled and cease to operate upon the coming into effect of this Scheme.
- All guarantees provided by any bank in favour of the Transferor Companies outstanding as on the Effective Date, shall vest in the Transferee Company and shall enure to the benefit of the Transferee Company and all guarantees issued by the bankers of the Transferor Companies at the request of the Transferor Companies favouring any third party shall be deemed to have been issued at the request of the Transferee Company and continue in favour of such third party till its maturity or earlier termination.

**I. Intellectual Property**

All Intellectual Property of the Transferor Companies shall stand transferred to and be vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or obligee thereto.

**J. Transferred Employees**

- All Transferred Employees of the Transferor Companies shall be deemed to have become the employees and staff of the Transferee Company with effect from the Appointed Date, and shall stand transferred to the Transferee Company without any interruption of service and on terms and conditions no less favorable than those on which they are engaged by the Transferor Companies, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefit, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits.



- The Transferee Company agrees that the services of all transferred Employees with the Transferor Companies prior to the transfer, shall be taken into account for the purposes of all benefits to which such Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, shall be reckoned from the date of their respective appointment in the Transferor Companies. The Transferee Company undertakes to pay the same, as and when payable under applicable laws.

For avoidance of doubt, in relation to those Transferred Employees for whom the Transferor Companies is making contributions to the Government provident fund, the Transferee Company shall stand substituted for the respective Transferor Companies for all purposes whatsoever, including in relation to the obligation to make contributions to such funds in accordance with the provisions of such funds, by-laws, etc. in respect of the Transferred Employees.

- All contributions made by the Transferor Companies on behalf of the Transferred Employees and all contributions made by the Transferred Employees including the interests arising thereon, to the Funds and standing to the credit of such Transferred Employees' account with such Funds, shall, upon this Scheme becoming effective, be transferred to the funds maintained by the Transferee Company along with such of the investments made by such Funds which are referable and allocable to the Transferred Employees and the Transferee Company shall stand substituted for the Transferor Companies with regard to the obligation to make the said contributions.
- The contributions made by the Transferor Companies under applicable law in connection with the Transferred Employees, to the Funds, for the period after the Appointed Date shall be deemed to be contributions made by the Transferee Company.

The Transferee Company shall continue to abide by the agreement(s) and settlement(s) entered into with the employees by the Transferor Companies, if any, in terms of such agreement(s) and settlement(s) subsisting on the Effective Date, in relation to the Transferred Employees.

**K. Transferred Liabilities and Security**

All Transferred Liabilities of the Transferor Companies, shall, to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed, stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations, etc., as the case may be, of the Transferee Company and shall be exercised by or against the Transferee Company, as if it had incurred such Transferred Liabilities.

- The Transferee Company alone shall be liable to meet, discharge and satisfy the Transferred Liabilities as the borrower/creditor in respect thereof.
- This Scheme shall not operate to enlarge or extend the security for any of the Transferred Liabilities and the Transferee Company shall not be obliged to create any further or additional securities after the Effective Date,

unless otherwise agreed to by the Transferee Company with such secured creditors and subject to the consent and approval of the existing secured creditors of the Transferee Company, if any. Further, this Scheme shall not operate to enlarge or extend the security for any loan, deposit, credit or other facility availed by the Transferee Company, in as much as the security shall not extend to any of the assets forming part of the Transferred Undertakings.

- In so far as the existing security in respect of the Transferred Liabilities is concerned, such security shall, without any further act, instrument or deed, be modified and shall be extended to and shall operate only over the assets forming part of the Transferred Undertakings of the Transferor Companies, which have been charged and secured and subsisting as on the Effective Date, in respect of the Transferred Liabilities. Provided that if any of the assets forming part of the Transferred Undertakings of the concerned Transferor Companies have not been charged or secured in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets.
- It shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such Transferred Liabilities have arisen in order to give effect to the provisions of this paragraph.
- It is expressly provided that, save as mentioned in the paragraph 3.2.7 of the Scheme, no other term or condition of the Transferred Liabilities is modified by virtue of this Scheme, except to the extent that such amendment is required by necessary implication.
- The Transferred Liabilities, if any, due or which may at any time in the future become due only inter-se the Transferor Companies and the Transferee Company, shall stand discharged and there shall be no liability in that behalf on either Company and corresponding effect shall be given in the books of account and records of the Transferee Company, in accordance with Part V of this Scheme.

**L. Legal and other such Proceedings**

- II All Proceedings transferred to the Transferee Company pursuant to the Scheme, shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Companies or by anything contained in this Scheme and the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted or enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company undertakes to have such Proceedings relating to or in connection with the Transferor Companies, initiated-by or against the said Transferor Companies, transferred in the name of the Transferee Company as soon as possible, after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to pay all amounts including interest, penalties, damages, etc., which the Transferor Companies may



be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Companies for the period from the Appointed Date up to the Effective Date and any costs incurred by the Transferor Companies in respect of such proceedings started by or against it relating to the period from the Appointed Date up to the Effective Date upon submission of necessary evidence by the said Transferor Companies to the Transferee Company for making such payment.

**M. Tax Treatment**

All taxes, duties, cess, MAT credit, GST, tax related assets (including service tax, input credit, GST, value added tax, etc.) that are allocable, referable or related to the Transferor Companies and payable, whether due or not, upto a day immediately preceding the Appointed Date, including all advance tax payments, tax deducted at source, Mat credit, tax liabilities or any refunds, tax obligations, credit and claims, carry forward losses and tax credits under any provision of the Income Tax Act, 1961 shall, for all intent and purposes, be treated as the liability or refunds, credit and claims, as the case may be, of the Transferee Company.

**N. Books and Records**

All books, records, files, papers, engineering and process information, building plans, databases, catalogues, quotations, advertising materials, if any, lists of present and former clients and all other books and records, whether in physical or electronic form, of the Transferor Companies, to the extent possible and permitted under applicable laws, be handed over by them to the Transferee Company.

**O. Conduct of Business**

With effect from the Appointed Dates and upto the Effective Date:

- The Transferor Companies shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it has been doing hitherto;
- The Transferor Companies shall carry on and shall be deemed to have carried on all their respective business activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said assets, rights, title, interests, authorities, Contracts, investments and decisions, benefits for and on account of and in trust for the Transferee Company;
- All obligations, liabilities, duties and commitments attached, related or pertaining to the Transferor Companies shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for the Transferee Company; and
- All the profits and incomes accruing or arising to the Transferor Companies and all expenditure or losses arising or incurred by the Transferor Companies shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of the Transferee Company.
- All assets acquired or sold, leased or licensed, Licenses obtained, benefits, entitlements, incentives and concessions granted, Contracts entered into,

Intellectual Property developed or registered or applications made thereto, Transferred Liabilities incurred and Proceedings initiated or made party to, between the Appointed Date and till the Effective Date by the Transferor Companies shall be deemed to be transferred and vested in the Transferee Company. For avoidance of doubt, where any of the Transferred Liabilities as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been discharged by the Transferor Companies on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company for all intent and purposes and under all applicable laws. Further where any of the Assets as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been sold / transferred by the Transferor Companies on or after the Appointed Date but before the Effective Date, such sale shall be deemed to have been for and on behalf of the Transferee Company for all intent and purposes and under all applicable laws. Further, in connection with any transactions between the Transferor Company and the Transferee Company between the Appointed Date and upto the Effective date, if any service tax has been paid by the Transferor Companies, then upon the Scheme coming into effect, the Transferee Company shall be entitled to claim refund of such service tax paid by the Transferor Companies.

- With effect from the Effective Date, the Transferee Company shall carry on and shall be authorised to carry on the business of the Transferor Companies and till such time as the name of account holder in the respective bank accounts of the Transferor Companies is substituted by the bank in the name of the Transferee Company, the Transferee Company shall be entitled to operate such bank accounts of the Transferor Companies, in its name, in so far as may be necessary.
- Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Companies occurs by virtue of Part III of this Scheme itself, the Transferee Company may, at any time after the Effective Date, in accordance with the provisions hereof, if so required under applicable law or otherwise, give notice in such form, as may be required or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary and carry out and perform all such formalities and compliances, for and on behalf of the Transferor Companies, including, with or in favour of and required by (i) any party to any Contract to which the Transferor Companies is a party; or (ii) any Governmental Authority or non-government authority, in order to give formal effect to the provisions of this Scheme. Provided however, that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date.
- To the extent possible, pending sanction of this Scheme, the Transferor Companies or the



Transferee Company shall be entitled to apply to the relevant Governmental Authorities and other third parties concerned, as may be necessary under any law or contract for transfer or modification of such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Companies with effect from the Effective Date and subject to this Scheme being sanctioned by the NCLT.

For the purpose of giving effect to the order passed under Sections 230 to 232 and any other applicable provisions if any of the Companies Act, 2013 in respect of this Scheme by the NCLT, the Transferee Company shall, upon the Scheme becoming effective, be entitled to get the record of the change in the legal right(s) standing in the name of the Transferor Companies, in its favour in accordance with such order and the provisions of Sections 230 to 232 and any other applicable provisions if any of the Companies Act, 2013.

**P. Saving of Concluded Transactions**

The transfer and vesting of the Transferor Companies with and into the Transferee Company under Part III of the Scheme, shall not affect any transaction including sale of assets or proceedings already completed or liabilities incurred by the Transferor Companies, either prior to or on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company shall accept and adopt all acts, deeds and things done and executed by or on behalf of the Transferor Companies in respect thereto as acts, deeds and things done and executed by and on behalf of itself.

**Q. Dissolution of Transferor Companies**

Upon this Scheme becoming effective, KJMC ASSET MANAGEMENT COMPANY LIMITED and KJMC INVESTMENT TRUST COMPANY LIMITED shall stand dissolved without being wound-up.

**R. Cancellation of Shares of Transferor Companies**

The Transferor Companies are wholly owned subsidiaries of Transferee Company and therefore upon amalgamation of Transferor Companies with Transferee Company in terms of the Scheme becoming effective, the entire paid-up share capital i.e. equity share capital of the Transferor Companies held by the Transferee Company shall without any act or deed stand automatically cancelled and be extinguished and in lieu thereof and the Transferee Company shall not be required to issue and / or allot any shares to the members of the Transferor Companies.

**S. Increase / consolidation of authorized share capital of the Transferee Company**

- Upon this Scheme becoming effective and upon the transfer and vesting of KAMCL and KITCL into KFSL pursuant to this Scheme, the entire authorized share capital of KAMCL and KITCL equal to Rs.12,00,00,000/- (divided into 1,20,00,000 Equity shares of Rs.10/- each) and Rs. 15,00,000/- (divided into 1,50,000 equity shares of Rs. 10 each) shall stand merged with the authorized share capital of the KFSL the Transferee Company.

- Thus, the Authorized Share Capital of the Transferee Company (KFSL) of Rs.50,00,00,000/- comprising of 3,50,00,000 Equity Shares of Rs.10/- aggregating to Rs.35,00,00,000/-, 85,000 Redeemable Preference shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000 Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/- shall stand increased by Rs.12,15,00,000/- to Rs. 62,15,00,000/- comprising of 4,71,50,000 Equity Shares of Rs.10/- aggregating to Rs.47,15,00,000/-, 85,000 Redeemable Preference shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000 Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/-.
- Accordingly, the authorized share capital of the Transferee Company shall stand increased by an amount of Rs. 12,15,00,000/- and Clause V of the Memorandum of Association of KFSL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 as the case may be and be replaced by the following clause:  
  
"The Authorized Share Capital of the Company is Rs.62,15,00,000/- (Rupees Sixty Two Crores Fifteen Lakhs only) divided into 4,71,50,000 Equity Shares of Rs.10/- aggregating to Rs.47,15,00,000/-, 85,000 Redeemable Preference Shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000 – Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/-.
- The Company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the company and to vary, modify or abrogate any right, privileges or condition or restriction in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provision for the time being in force in that behalf.
- The stamp duty or filing fees paid on the authorized share capital of the Transferor Companies is permitted to be utilized and applied towards the increase in the authorized share capital of the Transferee Company in accordance with this paragraph 4.2 of the Scheme, and no additional stamp duty shall be payable and no additional fee shall be payable to any regulatory authorities in relation to such increase in the authorized share capital of the Transferee Company. The Transferee Company shall file the requisite documentation with the relevant Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorized share capital of the Transferee Company as aforesaid. It is

hereby clarified that for the purposes of increasing the authorized share capital in accordance with this paragraph 4.2 of the Scheme, the sanction of the NCLT or any other Competent government Authority as the case may be shall be deemed to be sufficient for the purposes of effecting this amendment and that no further approval or resolution under any applicable provisions of the Companies Act, 2013 would be required to be separately passed.

**T. Accounting treatment in respect of amalgamation of Transferor Companies with Transferee Company.**

- Notwithstanding anything to the contrary herein, upon the Scheme coming into effect, the Transferee Company shall account for the amalgamation in its books of account in accordance with the Pooling of Interest method as laid down in Accounting Standard 14 "Accounting for Amalgamation" as per the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other generally accepted accounting principles, or any other relevant or related requirement under the Act, as applicable on the Effective Date.
- Transferee Company shall record the assets, liabilities and reserves relating to Transferred Undertaking of Transferor Companies vested in it pursuant to this Scheme, at their respective carrying amounts at the close of the business of the day immediately preceding the Appointed Date. The identity of the Reserves will be preserved.
- The identity of the reserves of the Transferor Companies, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Companies mentioned above as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any Reserve in the financial statements of the Transferor Companies mentioned above, which are available for distribution to shareholders whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by the Transferee Company, subsequent to this Scheme becoming effective.
- The balances of the profit and loss accounts of Transferor Companies (as appearing in financial statements mentioned above) shall be aggregated, and added to or set-off from, as the case may be, the corresponding balance appearing in the financial statements of the Transferee Company.
- Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Companies and the Transferee Company and Transferor companies amongst themselves, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

- The shares held by the Transferee Company in the Transferor Companies shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- The difference between the investment in the financial statements of the Transferee Company in the Transferor Companies and the amount of paid-up share capital of the Transferor Companies respectively, shall be adjusted against the Reserves.
- In case there is any difference in the accounting policies adopted by the Transferor Companies and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee company reflect the financial position on the basis of consistent accounting policy.
- The Transferor Companies are wholly owned subsidiaries of the Transferee Company, thus pursuant to the Scheme no new shares shall be issued after the Scheme is sanctioned by the NCLT at Mumbai.
- In addition, the Transferee Company shall pass such accounting entries, as may be necessary, in connection with this Scheme to comply with any of the applicable accounting standards and generally accepted accounting principles.

**U. Application(s) to the National Company Law Tribunal [NCLT]**

- The Transferor Companies and the Transferee Company shall make, as applicable, joint or separate applications/petitions under Section 230 to 232 of the Companies Act, 2013 to the NCLT, as necessary, inter act, to seek orders for dispensing with or for convening, holding or conducting of the meetings of their respective shareholders and creditors, sanctioning of this Scheme and for consequent actions including for dissolution of the Transferor Companies without winding up and further applications / petitions under Sections 230 to 232 of the Companies Act, 2013 including for sanction / confirmation / clarification of the Scheme or connected therewith, as necessary.

**V. Revision of accounts and tax filings, modification of charge**

- Upon this Scheme becoming effective and from the Appointed Date, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted at source returns, services tax returns, GST Returns and value added tax returns, as may be applicable and has expressly reserved the right to make such provisions in its returns and to claim refunds or credits etc, if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have lapsed.
- Filing of the certified copy of the order of the NCLT sanctioning this Scheme with the relevant Registrar of Companies, Mumbai, Maharashtra, shall be deemed to be sufficient for creating or modifying the charges in favour of the secured creditors, if any, of the Transferor Companies, as required as per the provisions of this



Scheme.

**W. Tax Neutrality**

- The amalgamation in accordance with this Scheme shall be pursuant to and in compliance with the provisions of Section 2(1B) of the Income-tax Act, 1961, or any modification or re-enactment thereof.
- If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme.

**X. Modifications and Amendments to the Scheme**

- Notwithstanding anything to the contrary contained in this Scheme, the Transferor Companies and the Transferee Company (acting through their respective Board of Directors or a committee thereof or authorised representatives) may make or assent, from time to time, to any modifications, amendments, clarifications or confirmations to this Scheme, which they deem necessary and expedient or beneficial to the interests of the stakeholders and the NCLT.
- The Transferor Companies and the Transferee Company (acting through their respective Board of Directors or a committee thereof or authorised representatives) shall be authorised to take all such steps and give such directions, as may be necessary, desirable or proper, to resolve any doubts, difficulties or questions that may arise in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or orders of the NCLT or any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith and to do and execute all acts, deeds, matters and, things necessary for giving effect to this Scheme.
- For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Transferor Companies and the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.
- However, no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the NCLT and the same shall be subject to powers of the NCLT under Section 230 to 232 of the Companies Act, 2013.

**Y. Conditionality of the Scheme**

- This Scheme is conditional upon and subject to the following:
- The requisite consent, approval or permission of the Appropriate Authorities or any other statutory or regulatory authority, which by law may be necessary

for the implementation of this Scheme.

- The Scheme being approved by the respective requisite majorities of the members and creditors of the Transferor Companies and Transferee Company as may be directed by the NCLT and/or any other competent authority and it being sanctioned by the NCLT and / or any other competent authority, as may be applicable.
- All other sanctions and approvals as may be required by law including registration of the order of the Tribunal sanctioning the Scheme of Amalgamation or any other Appropriate Authority, by the Registrar of Companies, under the Act in respect of this Scheme being sanctioned.
- Certified copies of the orders of the NCLT or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the respective Registrar of Companies.
- Notwithstanding anything to the contrary contained herein, the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of the Transferor Companies to the Transferee Company pursuant to this Scheme, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Transferor Companies and the Transferee Company so decide.

On the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

- a) Amalgamation of KAMCL and KITCL and transfer and vesting thereof in KFSL;
- b) Transfer of the Authorized Share Capital of KAMCL and KITCL to KFSL and consequential increase in the authorised share capital of the Transferee Company (in accordance with paragraph 4.2 of the Scheme).

**Z. Revocation and withdrawal of this Scheme**

The Board of Directors of the Transferor Companies and the Transferee Company shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage, but before the Effective date, and where applicable re-file, at any stage in case (a) this Scheme is not approved by the NCLT or if any other consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not received or delayed; (b) any condition or modification imposed by the NCLT and/or any other authority is not acceptable; (c) the coming into effect of this Scheme in terms of the provisions hereof or filing of the drawn up order(s) with any Governmental Authority could have adverse implication on either of the Transferor Companies and/or the Transferee Company; or (d) for any other reason whatsoever, and do all such acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto. On revocation, cancellation or withdrawal, this Scheme shall stand revoked, cancelled or withdrawn and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the respective Transferor Companies and

the Transferee Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs, unless otherwise mutually agreed.

**AA. Severability**

If any part of this Scheme is held invalid, ruled illegal by any Tribunal of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future laws, then it is the intention of both the Transferor Companies and the Transferee Company that such part of the Scheme shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part of the Scheme shall cause this Scheme to become materially adverse to either the Transferee Company or the Transferor Companies, in which case the Transferor Companies and the Transferee Company shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part of the Scheme.

**BB. Dividend**

- The respective Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders, as may be decided by their respective Board of Directors, in respect of the accounting period prior to the Effective Date.
- It is clarified that the aforesaid provisions in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any shareholder of either of the Transferor Companies or the Transferee Company to demand or claim any dividends, which is subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the Board of Directors of the Transferor Companies and the Transferee Company, as the case may be, subject to such approval of the respective shareholders, as may be required.

**CC. Costs and expenses**

All costs, expenses, charges, taxes, fees and all other expenses, if any, including stamp duty and registration charges, if any, arising out of or incurred in carrying out and implementing the terms of this Scheme and the incidentals thereto shall be borne and paid by the Transferee Company.

**You are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only some of the salient extracts thereof.**

**Other matters**

43. The accounting treatment as proposed in the Scheme is in conformity with the accounting standards prescribed under Section 133 of the Act. The certificates issued by the respective Statutory Auditors of the Companies are open for inspection.
44. Under the Scheme, an arrangement is sought to be entered into between KFSL and its equity

shareholders. Upon the effectiveness of the Scheme, KFSL shall not require to allot equity shares, based on the Share Exchange Ratio. Upon the effectiveness of the Scheme, the equity shares held by KFSL in the paid-up equity share capital of KAMCL and KITCL shall stand cancelled.

As far as the Equity shareholders of KFSL are concerned (promoter shareholders as well as Non Promoter shareholders), there will be no dilution in their shareholding.

In respect of the Scheme, there is no arrangement with the creditors of KFSL. No compromise is offered under the Scheme to any of the creditors of KFSL. The liability of the creditors of KFSL, under the Scheme, is neither being reduced nor being extinguished.

As on date, KFSL has no outstanding dues towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, KFSL has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.

Under the Scheme, no rights of the Employees of KFSL are being affected. The services of the Employees of KFSL, under the Scheme, shall continue on the same terms and conditions on which they were engaged by KFSL.

There is no effect of the Scheme on the key managerial personnel and/or the Directors of KFSL. Further no change in the Board of Directors of the company is envisaged on account of the Scheme.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of KFSL and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent of the equity shares held by them in KFSL and/or to the extent that the said Director(s) are common director(s) of the Companies and/or to the extent the said Director(s) are holding shares in KAMCL and KITCL as nominee and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective Companies. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme. The shareholding of each of the Company Secretary and Chief Financial Officer and their respective relatives is less than 2% of the paid-up share capital of each of the Companies.

45. Under the Scheme, an arrangement is sought to be entered into between KAMCL and its equity shareholders. Upon the effectiveness of the Scheme, KFSL shall not require to allot equity shares, based on the Share Exchange Ratio. Upon the effectiveness of the Scheme, the equity shares held by KFSL in the paid-up equity share capital of KAMCL shall stand cancelled.

In respect of the Scheme, there is no arrangement with the creditors, either secured or unsecured of KAMCL. No compromise is offered under the Scheme to any of the creditors of KAMCL. The liability of the creditors of KAMCL, under the Scheme, is neither being reduced nor being extinguished.



As on date, KAMCL has no outstanding dues towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, KAMCL has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.

Under Clause 3.2.6 of the Scheme, on and from the Effective Date, KFSL undertakes to engage the Employees of KAMCL, on the same terms and conditions on which they are engaged by KAMCL without any interruption of service and in the manner provided under Clause 3.2.6 of the Scheme. In the circumstances, the rights of the Employees of KAMCL, engaged in, would in no way be affected by the Scheme.

There is no effect of the Scheme on the key managerial personnel of KAMCL.

Upon the effectiveness of the Scheme, the directors of KAMCL shall cease to be its directors as KAMCL shall stand dissolved without winding up.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of KAMCL and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent that the said Director(s) are common director(s) of the Companies and/or to the extent the said Director(s) are holding shares in KAMCL as nominee of the equity shares held by them and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective Companies. As KAMCL is a wholly owned subsidiary of KFSL, none of the said directors, the Key Managerial Personnel and their relatives are holding any shares in the paid up share Capital of KAMCL in their individual capacity. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.

46. Under the Scheme, an arrangement is sought to be entered into between KITCL and its equity shareholders. Upon the effectiveness of the Scheme, KFSL shall not require to allot equity shares, based on the Share Exchange Ratio. Upon the effectiveness of the Scheme, the equity shares held by KFSL in the paid-up equity share capital of KITCL shall stand cancelled.

In respect of the Scheme, there is no arrangement with the creditors of KITCL. No compromise is offered under the Scheme to any of the creditors of KITCL. The liability of the creditors of KITCL, under the Scheme, is neither being reduced nor being extinguished.

As on date, KITCL has no outstanding dues towards any public deposits and therefore, the effect of the Scheme on any such public deposit holders does not arise. As on date, KITCL has not issued any debentures. In the circumstances, the effect of the Scheme on the debenture trustee does not arise.

Under Clause 3.2.6 of the Scheme, on and from the Effective Date, KFSL undertakes to engage the Employees of KITCL, on the same terms and

conditions on which they are engaged by KITCL without any interruption of service and in the manner provided under Clause 3.2.6 of the Scheme. In the circumstances, the rights of the Employees of KITCL, engaged in, would in no way be affected by the Scheme.

There is no effect of the Scheme on the key managerial personnel of KITCL.

Upon the effectiveness of the Scheme, the directors of KITCL shall cease to be its directors as KITCL shall stand dissolved without winding up.

Further, none of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of KITCL and their respective relatives (as defined under the Act and rules framed thereunder) have any interest in the Scheme except to the extent that the said Director(s) are common director(s) of the Companies and/or to the extent the said Director(s) are holding shares in KITCL as nominee of the equity shares held by them and/or to the extent that the said Director(s), Key Managerial Personnel and their respective relatives are the directors, members of the companies that hold shares in the respective Companies. As KITCL is a wholly owned subsidiary of KFSL, none of the said directors, the Key Managerial Personnel and their relatives are holding any shares in the paid up share Capital of KITCL in their individual capacity. Save as aforesaid, none of the said Directors or the Key Managerial Personnel has any material interest in the Scheme.

47. The Scheme does not involve any capital or debt restructuring and therefore the requirement to disclose details of capital or debt restructuring is not applicable.
48. In compliance with the provisions of Section 232(2) (c) of the Act, the Board of Directors of KFSL, KAMCL and KITCL have in their separate meetings held on 23rd day of January, 2019 respectively, have adopted a report, inter alia, explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders amongst others. Copy of the Reports adopted by the respective Board of Directors of KAMCL, KITCL and KFSL are enclosed as Annexure 2, Annexure 3 and Annexure 4 respectively.
49. None of the Companies is registered under the Monopolies & Restrictive Trade Practices Act and no investigation is pending against either of these Companies under Sections 210 to 229 of Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Companies Act, 1956. Further no proceedings are pending under the Act or under the corresponding provisions of the companies Act, 1956 against any of the Companies.
50. To the knowledge of the Companies, No winding up proceedings have been filed or are pending against them under the Companies Act, 2013 or the corresponding provisions of the Companies Act, 1956.
51. The copy of the proposed Scheme has been filed by the respective Companies before the concerned Registrar of Companies on 29th day of August, 2019.
52. The Supplementary audited Accounting Statement of KAMCL, KITCL and KFSL for the year ended 31st

March, 2019 are enclosed as Annexure 5, Annexure 6 and Annexure 7 respectively.

53. As per the books of accounts (as on 31st March, 2019) of KAMCL, KITCL and KFSL the amount due to the secured creditors is Rs. Nil, Rs. Nil and Rs. 1,02,685 thousands respectively.

54. As per the books of accounts (as on 31st March, 2019) of KAMCL, KITCL and KFSL, the amount due to the unsecured creditors is Rs. 356 thousands, Rs. 260 thousands and Rs.41,957 thousands respectively.

55. **The name and addresses of the Promoters of KJMC Financial Services Limited (KFSL) including their shareholding in the Companies as on 16th day of August, 2019 are as under:**

Sr. No.	Name and address of Promoters and Promoter Group	KFSL		KAMCL		KITCL	
		No. of Shares of Rs.10/- each	%	No. of Shares of Rs.10/- each	%	No. of Shares of Rs.10/- each	%
<b>PROMOTERS</b>							
1.	Mr. I.C.Jain HUF K-83, Maker Tower, Cuffe Parade, Mumbai- 400005	267065	5.58	100 (*)	0	100 (*)	0
2.	Mr. Rajnesh Jain L-72, Maker Tower, Cuffe Parade, Mumbai- 400005.	122335	2.56	100 (*)	0	100 (*)	0
3.	Mr. Girish Jain K-153, Maker Tower, Cuffe Parade, Mumbai- 400005	122335	2.56	100 (*)	0	100 (*)	0
4.	Ms. Chanddevi Jain K-83, Maker Tower, Cuffe Parade, Mumbai- 400005.	13,87,242	28.99	100 (*)	0	100 (*)	0
5.	Inder chand Jain K-83, Maker Tower, Cuffe Parade, Mumbai- 400005	2,13,000	4.45	100 (*)	0	100 (*)	0
6.	KJMC Corporate Advisors (India)Limited 162, Atlanta, Nariman Point, Mumbai 400 021	9,50,000	19.85	0	0	0	0
7.	KJMC Shares and Securities Limited K-83, 8 <sup>th</sup> Floor, Plot 85, Maker Tower, G. D. Somani Marg, World Trade Centre, Cuffe Parade, Mumbai- 400005	2,45,000	5.12	0	0	0	0

(\*) as a nominees of KJMC Financial Services Limited

56. **The name and addresses of the Promoters of KAMCL including their shareholding in the Companies as on 16th day of August, 2019 are as under:**

Sr.No.	Name and address of Promoters and Promoter Group	KAMCL		KFSL		KITCL	
		No. of Shares of Rs.10/- each	%	No. of Shares of Rs.10 / each	%	No. of Shares of Rs.10/- each	%
<b>PROMOTERS</b>							
1.	KJMC Financial Services Limited 162, Atlanta, 16 <sup>th</sup> Floor, Nariman Point, Mumbai – 400 021	1,02,49,400	100.00	0	0	1,49,400	100.00
2.	Mr. Inderchand Jain K-83, Maker Tower, Cuffe Parade, Mumbai- 400005	100 (*)	0	480065	10.03	100 (*)	0
3.	Mr. Rajnesh Jain L-72, Maker Tower, Cuffe Parade, Mumbai- 400005.	100 (*)	0	122335	2.56	100 (*)	0
4.	Mr. Pankaj Jain K-83, Maker Tower, Cuffe Parade, Mumbai- 400005.	100(*)	0	0	0	100 (*)	0
5.	Mr. Girish Jain K-153, Maker Tower, Cuffe Parade, Mumbai- 400005	100(*)	0	122335	2.56	100 (*)	0
6.	Mrs. Chanddevi Jain K-83, Maker Tower, Cuffe Parade, Mumbai- 400005.	100(*)	0	13,87,242	28.99	100 (*)	0
7.	Mrs. Shraddha Jain L-72, Maker Tower, Cuffe Parade, Mumbai-400005	100(*)	0	0	0	100 (*)	0

(\*) as a nominee of KJMC Financial Services Limited



**57. The name and addresses of the Promoters of KITCL including their shareholding in the Companies as on 16th day of August, 2019 are as under:**

Sr. No.	Name and address of Promoters and Promoter Group	KITCL		KFSL		KAMCL	
		No. of Shares of Rs.10/- each	%	No. of Shares of Rs.10/- each	%	No. of Shares of Rs.10/- each	%
<b>PROMOTERS</b>							
1	KJMC Financial Services Limited 162, Atlanta, 16 <sup>th</sup> Floor, Nariman Point, Mumbai - 400 021	1,49,400	100.00	0	0	1,02,49,400	100.00
2	Mr. Inderchand Jain K-83, Maker Tower, Cuffe Parade, Mumbai-400005	100(*)	0	480065	10.03	100(*)	0
3	Mr. Rajnesh Jain L-72, Maker Tower, Cuffe Parade, Mumbai-400005.	100(*)	0	122335	2.56	100(*)	0
4	Mr. Pankaj Jain K-83, Maker Tower, Cuffe Parade, Mumbai-400005.	100(*)	0	0	0	100(*)	0
5	Mr. Girish Jain K-153, Maker Tower, Cuffe Parade, Mumbai-400005	100(*)	0	122335	2.56	100(*)	0
6	Mrs. Chanddevi Jain K-83, Maker Tower, Cuffe Parade, Mumbai-400005.	100(*)	0	13,87,242	28.99	100(*)	0
7	Mrs. Shraddha Jain L-72, Maker Tower, Cuffe Parade, Mumbai-400005	100(*)	0	0	0	100(*)	0

(\*) as a nominee of KJMC Financial Services Limited

**58. The details of the Directors of KFSL as on 16th day of August, 2019 are as follows:**

Sr. no.	Name of Director	Address	DIN
1.	Mr. Inderchand Mohanlal Jain	K-83, Maker Tower, Cuffe Parade, Mumbai-400005	00178901
2.	Mr. Rajnesh Inderchand Jain	L-72, Maker Tower, Cuffe Parade, Mumbai-400005	00151988
3.	Mr. Girish Inderchand Jain	K-153, Maker Tower, Cuffe Parade, Mumbai-400005	00151673
4.	Mrs. Shraddha Rajnesh Jain	L-72, Maker Tower, Cuffe Parade, Mumbai-400005	00156306

Sr. no.	Name of Director	Address	DIN
5.	Mr. Sureshchandra Chhanalal Aythora	C/102, Arihant Mohan Chs, Sodawala Lane, Govind Nagar Borivali (w) Mumbai - 400092	00085407
6.	Mr. Nitin Vasant Kulkarni	10, New Aaradhana CHS Ltd, Veer Savarkar Marg, Near Hinduja Hospital, Mahim Mumbai 400016	02297383

**59. The details of the Directors of KAMCL as on 16th day of August, 2019 are as follows:**

Sr. no.	Name of Director	Address	DIN
1.	Mr. Rajnesh Inderchand Jain	L-72, Maker Tower, Cuffe Parade, Mumbai-400005	00151988
2.	Mr. Girish Inderchand Jain	K-153, Maker Tower, Cuffe Parade, Mumbai-400005	00151673
3.	Mr. Rameshchandra Jain	Flat No 803, Nalanda, Neelkanth Kingdom, Vidhyavihar West, Mumbai 400086	00960613
4.	Mr. Nitin Vasant Kulkarni	10, New Aaradhana CHS Ltd, Veer Savarkar Marg, Near Hinduja Hospital, Mahim Mumbai 400016	02297383

**60. The details of the Directors of KITCL as on 16th day of August, 2019 are as follows:**

Sr. no.	Name of Director	Address	DIN
1.	Mr. Inderchand Mohanlal Jain	K-83, Maker Tower, Cuffe Parade, Mumbai-400005	00178901
2.	Mr. Surendra Jethalal Thaker	A-602, Exotica, I C Colony Main Road Borivali (W), Mumbai-400103	00973510
3.	Mr. Anil Vallabhdas Sampat	402, Prem Kutir, Derasar Lane, Near Podar School St. Andrews Road, Santacruz (W)-Mumbai-400054	06735051

**61. The details of the shareholding of the Directors and the Key Managerial Personnel of KFSL in KFSL, KAMCL and KITCL as on 16th day of August, 2019 are as follows:**

Name of Director and KMP	Position	Equity Shares held in KFSL	Equity shares in KAMCL	Equity shares in KITCL
Mr. Inderchand Mohanlal Jain	Director	2,13,000	100(*)	100(*)
Mr. Rajnesh Inderchand Jain	Whole Time Director	122335	100(*)	100(*)
Mr. Girish Inderchand Jain	Director	122335	100(*)	100(*)
Mrs. Shraddha Rajnesh Jain	Additional Director	0	100(*)	100(*)
Mr. Sureshchandra Chhanalal Aythora	Director	350	0	0
Mr. Nitin Vasant Kulkarni	Director	250	0	0
Mr. Akash Ganesh Anchan	Company Secretary	0	0	0
Mr. Pradeep Radheshyam Poddar	Chief Financial Officer	0	0	0

(\*) as a nominee of KJMC Financial Services Limited



**62. The details of the shareholding of the Directors and the Key Managerial Personnel of KAMCL and KFSL and KITCL as on 16th day of August, 2019 are as follows:**

Name of Director Position and KMP	Equity	Equity Shares held in KAMCL	Equity shares held in KFSL	Equity shares held in KITCL
Mr. Rajnesh Inderchand Jain	Whole Time Director	100(*)	122335	100(*)
Mr. Girish Inderchand Jain	Director	100(*)	122335	100(*)
Mr. Rameshchandra Jain	Director	0	0	0
Mr. Nitin Vasant Kulkarni	Director	0	250	0
Mr. Akash Ganesh Anchan	Company Secretary	0	0	0
Mr. Pradeep Radheshyam Poddar	Chief Financial Officer	0	0	0

(\*) as a nominee of KJMC Financial Services Limited

**63. The details of the shareholding of the Directors and the Key Managerial Personnel of KITCL and KFSL and KAMCL as on 16th day of August, 2019 are as follows:**

Name of Director Position and KMP	Equity	Equity Shares held in KITCL	Equity shares held in KFSL	Equity shares held in KAMCL
Mr. Inderchand Mohanlal Jain	Director	100(*)	2,13,000	100(*)
Mr. Surendra Jethalal Thaker	Director	0	0	0
Mr. Anil Vallabhdas Sampat	Director	0	0	0

(\*) as a Nominee of KJMC Financial Services Limited

**64. The Pre-Arrangement shareholding pattern of KAMCL and KITCL as on 16th day of August, 2019 and the Pre and Post- Arrangement (expected) shareholding pattern of KFSL are as under:**

**Pre-Arrangement shareholding pattern of KAMCL as on 16th day of August, 2019:**

Sr. NO	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian	0	0
(a)	Individuals/Hindu undivided family	0	0
(b)	Body Corporate	1,02,50,000	100
	Sub-Total (A)(1)	1,02,50,000	100
(2)	Foreign	0	0
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	1,02,50,000	100
(B)	Public Shareholding		
(1)	Institutions	0	0
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	0	0
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
	Sub Total (B) (1)	0	0
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	0	0

Sr. NO	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(3)	Non-Institutions		
(a)	i. Individual shareholders holding nominal share capital upto Rs.2 lakhs	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	0	0
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		
	Trusts	0	0
	Overseas Corporate Bodies	0	0
	Non Resident Indians Repatriation	0	0
	Clearing Members	0	0
	NRI Non-Repatriation	0	0
	Bodies Corporate	0	0
	Foreign Nationals	0	0
	Sub Total (B)(3)	0	0
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	0	0
	Total Shareholding (A+B)	1,02,50,000	100

**Pre-Arrangement shareholding pattern of KITCL as on 16th day of August, 2019:**

Sr. NO	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian	0	0
(a)	Individuals/Hindu undivided family	0	0
(b)	Body Corporate	1,50,000	100
	Sub-Total (A)(1)	1,50,000	100
(2)	Foreign		
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	1,50,000	100
(B)	Public Shareholding		
(1)	Institutions	0	0
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	0	0
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
	Sub Total (B) (1)	0	0
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	0	0
(3)	Non-Institutions		
(a)	i. Individual shareholders holding nominal share capital upto Rs.2 lakhs	0	0
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	0	0
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		



Sr. NO	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
	Trusts	0	0
	Overseas Corporate Bodies	0	0
	Non Resident Indians Repatriation	0	0
	Clearing Members	0	0
	NRI Non-Repatriation	0	0
	Bodies Corporate	0	0
	Foreign Nationals	0	0
	Sub Total (B)(3)	0	0
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	0	0
	Total Shareholding (A+B)	1,50,000	100

**Pre and post Arrangement (expected) shareholding pattern of KFSL as on 16th day of August, 2019:**

Sr. NO	Category	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
(A)	Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/Hindu undivided family	21,11,977	44.13
(b)	Body Corporate	11,95,000	24.97
	Sub-Total (A)(1)	33,06,977	69.10
(2)	Foreign		
(a)	Body Corporate (through GDRs)	0	0
	Sub-Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)	33,06,977	69.10
(B)	Public Shareholding		
(1)	Institutions / Banks	65,400	1.37
(a)	Mutual Funds	0	0
(b)	Foreign Portfolio Investors	0	0
(c)	Financial Institutions/ Banks	0	0
(d)	Insurance Companies	0	0
(e)	Foreign Institutional Investors ( FII's)	0	0
	Sub Total (B) (1)	65,400	1.37
(2)	Central Government/State Government(s)/ President of India	0	0
	Sub Total (B)(2)	0	0
(3)	Non-Institutions		
(a)	i. Individual shareholders holding nominal share capital upto Rs.2 lakhs	4,99,486	10.43
	ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	4,83,508	10.10
(b)	NBFCs Registered with RBI	0	0
(c)	Overseas Depositories (Holding GDRs)	0	0
(d)	Any Other		
	Overseas Corporate Bodies	0	0
	Non Resident Indians (Repatriation)	0	0
	Clearing Members	9264	0.19
	Non Residents Indians (Non-Repatriation)	0	0
	Director and their relatives	600	0.01
	Bodies Corporate	419887	8.78
	Non Residents Indians	618	0.01
	Sub Total (B)(3)	14,13,363	29.52
	Total Public Shareholding (B)= (B)(1) + (B)(2) + (B)(3)	14,78,763	30.90
	Total Shareholding (A+B)	47,85,740	100.00

There is no change in the pre and post shareholding (expected) pattern of KJMC Financial Services Limited (KFSL) as KJMC Asset Management Company Limited (KAMCL) and KJMC Investment Trust Company Limited (KITCL) are wholly owned subsidiaries of KJMC Financial Services Limited. Post Amalgamation, KFSL is not required to issue any shares to the shareholders of KAMCL and KITCL. On amalgamation, the shares held by KFSL in KAMCL and KITCL will get cancelled.

**65. The pre and Post-Arrangement (expected) capital structure of KFSL will be as follows (assuming the continuing capital Structure as on 16th day of August, 2019):**

**PRE ARRANGEMENT**

	Amount (Rupees)
3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000
85,000 Redeemable Preference shares of Rs.100/- each	85,00,000
1,15,000 - 0% Compulsorily Convertible Preference Shares of Rs.100/- each	1,15,00,000
13,00,000 Preference Shares of Rs.100/- each	13,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
47,85,740 Equity Shares of Rs. 10/- each	4,78,57,400
<b>Total</b>	<b>4,78,57,400</b>

**POST ARRANGEMENT (EXPECTED)**

	Amount (Rupees)
<b>Authorised Share Capital</b>	
4,71,50,000 Equity Shares of Rs. 10/- each	47,15,00,000
85,000 Redeemable Preference shares of Rs.100/- each	85,00,000
1,15,000 - 0% Compulsorily Convertible Preference Shares of Rs.100/- each.	1,15,00,000
13,00,000 Preference Shares of Rs.100/- each.	13,00,00,000
<b>Total</b>	<b>62,15,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
47,85,740 Equity Shares of Rs. 10/- each	4,78,57,400
<b>Total</b>	<b>4,78,57,400</b>

66. In the event that the Scheme is withdrawn in accordance with its terms, the Scheme shall stand revoked, cancelled and be of no effect and null and void.
67. The following documents will be open for inspection by the equity shareholders of the Applicant Company at its registered office at 162, Atlanta, Nariman Point, Mumbai – 400 021 between 10.00 a.m. and 12.00 noon on all days (except Saturdays, Sundays and public holidays) up to the date of the meeting:
- I. Copy of the final order passed by NCLT in Company Scheme Application No. 1438 (MAH) of 2019 dated 26th day of August, 2019 directing KJMC Financial Services Limited (KFSL) to, inter alia, convene the meeting of its equity shareholders, Secured Creditors and Unsecured Creditors.
  - II. Copy of the final order passed by NCLT in Company Scheme Application No. 1438 (MAH) of 2019 dated 26th day of August, 2019 directing KJMC Investment Trust Company Limited (KITCL) to, inter alia, convene the meeting of its Unsecured Creditors.
  - III. Copy of Joint Company Scheme Application No. 1438 (MAH) of 2019 along with annexure filed by KFSL, KAMCL and KITCL before NCLT;
  - IV. Copy of the Memorandum and Articles of Association of KFSL, KAMCL and KITCL respectively;
  - V. Copy of the annual reports of KFSL, KAMCL and KITCL for the financial years ended 31st March 2016 and 31st March 2017 and 31st March, 2018 respectively;
  - VI. Copy of the supplementary audited Accounting Statement of KFSL, KAMCL and KITCL respectively, for the year ended on 31st March, 2019;
  - VII. List of Subsidiary Companies, joint ventures and associates of KFSL, KAMCL and KITCL as on 16th day of August, 2019
  - VIII. Copy of the Register of Directors' shareholding of each of the Companies;
  - IX. Copy of audit Committee Report dated 23rd day of January, 2019 of KFSL
  - X. Copy of audit Committee Report dated 23rd day of January, 2019 of KAMCL
  - XI. Copy of the resolutions, all dated 23rd day of January, 2019, passed by the respective Board of Directors of KFSL, KAMCL and KITCL approving the Scheme;
  - XII. Copy of the extracts of the minutes of the meetings, all held on 23rd day of January, 2019 of the Board of Directors of KFSL, KAMCL and KITCL respectively, in respect of the approval of the Scheme;
  - XIII. Copy of the Statutory Auditors' certificate on accounting treatment dated 23rd day of January, 2019 issued by M/s. K. S. Aiyar & Co. Chartered Accountants to KFSL
  - XIV. Copy of the Statutory Auditors' certificate on Accounting Treatment dated 23rd day of January, 2019 issued by M/s. R. V. Luharuka & Co. LLP Chartered Accountants to KAMCL
  - XV. Copy of the Statutory Auditors' certificate on Accounting Treatment dated 23rd day of January, 2019 issued by M/s. K. S. Aiyar & Co. Chartered Accountants to KITCL
  - XVI. Copy of Form No. GNL-1 filed by the respective Companies with the concerned Registrar of Companies along with challan dated 29th day of August, 2019, evidencing filing of the Scheme;
  - XVII. Audited Financial Statement dated 22nd day of May, 2019, issued by K. S. Aiyar & Co. Chartered Accountants, certifying the amount due to the Secured Creditors and unsecured creditors of KFSL as on 31st day of March, 2019 respectively.
  - XVIII. Audited Financial Statement dated 16th day of May, 2019, issued by R. V. Luharuka & Co. LLP Chartered Accountants, certifying the amount due to the Secured Creditors and unsecured creditors of KAMCL as on 31st day of March, 2019 respectively.
  - XIX. Audited Financial Statement, dated 16th day of May, 2019, issued by K. S. Aiyar & Co. Chartered Accountants, certifying the amount due to the Secured Creditors and unsecured creditors of KITCL as on 31st day of March, 2019 respectively.
  - XX. Copy of the Scheme; and
  - XXI. Copy of the Reports dated 23rd day of January, 2019 adopted by the Board of Directors of KFSL, KAMCL and KITCL respectively, pursuant to the provisions of section 232(2)(c) of the Act.
- The shareholders shall be entitled to obtain the extracts from or for making or obtaining the copies of the documents listed in item numbers (I), (II), (V), (XIII), (XIV), (XV), and (XX) above.
68. This statement may be treated as an Explanatory Statement under Sections 230(3), 232(1) and (2) and 102 of the Act read with Rule 6 of the Rules. A copy of the Scheme, Explanatory Statement and Form of Proxy shall be furnished by KFSL to its shareholders, free of charge, within one (1) day (except Saturdays, Sundays and public holidays) on a requisition being so made for the same by the shareholders of KFSL
69. After the Scheme is approved, by the equity shareholders of KFSL it will be subject to the approval/sanction by NCLT.

**Sd/-**

**Kumar Anurag Singh**

Chairman appointed for the meeting

Dated this 29th day of August, 2019

Registered office: 162, Atlanta, Nariman Point,  
Mumbai – 400 021



Annexure - 1

**SCHEME OF AMALGAMATION**  
UNDER SECTIONS 230 TO 232 AND OTHER  
APPLICABLE PROVISIONS OF THE COMPANIES ACT,  
2013

OF

**KJMC ASSET MANAGEMENT COMPANY LIMITED**  
**(KAMCL)**  
(The First Transferor Company)

AND

**KJMC INVESTMENT TRUST COMPANY LIMITED**  
**(KITCL)**  
(The Second Transferor Company)

WITH

**KJMC FINANCIAL SERVICES LIMITED (KFSL)**  
(The Transferee Company)

AND

THEIR SHAREHOLDERS

**SCHEME OF AMALGAMATION**

**PREAMBLE**

**A. Preamble of the Scheme**

This Scheme of Amalgamation is presented under Sections 230 to 232 and other applicable provisions if any of the Companies Act, 2013 for amalgamation of KJMC ASSET MANAGEMENT COMPANY LIMITED ("the First Transferor Company") and KJMC INVESTMENT TRUST COMPANY LIMITED ("the Second Transferor Company") with KJMC FINANCIAL SERVICES LIMITED ("the Transferee Company'), and the dissolution of the Transferor Companies without winding up.

**B. Description of Companies**

**1.1 KJMC ASSET MANAGEMENT COMPANY LIMITED or ("KAMCL") or the First Transferor Company**

The First Transferor Company was incorporated as a Public Limited Company under the Companies Act, 1956, on 27th November, 1998 in the name of KJMC Asset Management Company Limited in the State of Delhi. The Company has obtained a certificate for commencement of business dated 16th March, 1999 from the office of the Office of Registrar of Companies, Delhi & Haryana.

The Hon'ble Company Law Board Northern Region, New Delhi vide its order dated 30th September, 2010 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Maharashtra. Accordingly the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Mumbai, Maharashtra.

The CIN of the Company is U74140MH 1998PLC220222

The First Transferor Company is an Unlisted Public Company and the entire Issued, Subscribed and Paid up Equity Share Capital is held by the Transferee Company. By virtue of the Shareholding pattern, the First Transferor Company is a Wholly Owned Subsidiary of the Transferee Company.

The main object clauses of the Memorandum of Association of the First Transferor Company authorize the First Transferor Company:

- To Undertake the business of management of Mutual Funds
- To carry on the business of transferrable securities
- To promote, establish, manage and carry on any mutual fund operation, investment in units, securities debts, promissory notes, money market investments, securities of the government, State, company, Corporation, Municipal or Local or other Body Corporate in India or in foreign country directly or for the benefit in other person or persons.

The First Transferor Company is incorporated to carry on the business of management of mutual funds, transferrable securities and investment in units, securities, debts etc.

**1.2 KJMC INVESTMENT TRUST COMPANY LIMITED or ("KITCL") or the Second Transferor Company**

The Second Transferor Company was incorporated as a Public Limited Company under the Companies Act, 1956, on 1st December, 1998 in the name of KJMC Investment Trust Company Limited in the State of Delhi. The Company has obtained a certificate for commencement of business dated 16th March, 1999 from the office of the Office of Registrar of Companies, Delhi & Haryana.

The Hon'ble Company Law Board Northern Region, New Delhi vide its order dated 4th October, 2010 has sanctioned a Petition for shifting of the Registered Office of the company from the State of Delhi to the State of Maharashtra. Accordingly the company, upon registration of the said order, obtained a fresh certificate of incorporation from the Registrar of Companies, Mumbai, Maharashtra.

The CIN of the Company is U74899MH1998PLC213839

The Second Transferor Company is an Unlisted Public Company and the entire Issued, Subscribed and Paid up Equity Share Capital is held by the Transferee Company. By virtue of the Shareholding pattern, the Second Transferor Company is a Wholly Owned Subsidiary of the Transferee Company.

The main object clauses of the Memorandum of Association of the Second Transferor Company authorize the Second Transferor Company:

- To undertake trusteeship of Mutual Funds.

The Second Transferor Company (KITCL) is engaged in the business of undertaking trusteeship of Mutual funds. There are no much business

activities at present in the company.

### 1.3 **KJMC FINANCIAL SERVICES LIMITED or ("KFSL") or the Transferee Company**

The Transferee Company was incorporated as a Private Limited company under the Companies Act, 1956 on 29th June, 1988 in the name of Khandelwal Jain Management Consultancy Services Private Limited in the State of Maharashtra.

The name of the Transferee Company was changed from Khandelwal Jain Management Consultancy Services Private Limited to KJMC Financial Services Private Limited and obtains a fresh certificate of incorporation dated 17th December, 1993 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The name of the Transferee Company was further changed from KJMC Financial Services Private Limited to KJMC Financial Services Limited and obtains a fresh certificate of incorporation dated 28th October, 1994 consequent on change of name from the Registrar of Companies, Maharashtra, Mumbai.

The CIN of the Company is L65100MH1988PLC047873.

The Transferee Company is a Public Company and its shares are listed on BSE Limited. The Company also registered with Reserve Bank of India (RBI) as a Non-Banking Financial Company (NBFC).

The main object clauses of the Memorandum of Association of the Transferee Company authorize the Transferee Company:

- To undertake, procure, render, provide, supply, establish and maintain services, facilities, conveniences, assistance, cooperation, supervision, guidance, consultation and advice in the field of commerce, industry, trade and science and in the matter of laws, revenues, taxation, finance, fiscal organization management, administration personnel, designing of accounting costing records, marketing, distributing, publicity, insurance banking import, export statistic, mathematics, software and hardware and other technologies including accounting and management services.
- To carry on the business of general financiers and without prejudice to the generality hereof (i) to lend and give moneys and or place deposits or provide financial assistance with or without security in the form of home loans , personal loans, property development finance, construction loans, loans against shares, loans against property, inter corporate deposits, general purpose loans, provide education loans and other types of consumer loans, corporate loans, demand loans, loans of any other nature, provide working capital loans in any form and terms including discounting of bills, lease rent discounting, provide margin funding,

equipment purchase loans, provide IPO Funding to any company, body corporate, trust, firm, person or association, individuals with or without security; (ii) to provide venture capital, private equity, loan capital; (iii) to contribute in or subscribe to equity/preference share capital; (iv) to give guarantees on behalf of any person and companies; (v) to provide long-term finance for development of infrastructure inland container depot and container freight stations, mass rapid transit system, light rail transit system, expressways, intra-urban or semi-urban roads like ring roads of urban by-passes or flyovers, bus and truck terminals, subways, road dividers, bulk handling terminals which are developed or operated for development of rail system, multi level computerized car parking and other infrastructure projects in the fields of roads, highways, power generation and for power distribution and any other form of power, telecommunication services, bridges, ports, docks, waterways, airports, rail systems, water supply, water treatment, irrigation, sanitation and sewerage systems, pipeline transportation, special economic zones or other export promotion parks, software technology parks, electronic hardware parks, bio-technology parks and any other industrial parks or any other public facility of similar nature that may be notified in future as infrastructure facility either by a state government(s) and/or the government of India or any other appropriate authority or body; (vi) to undertake infrastructure financing in all angles whether expressly mentioned herein or not; including providing long term and short term loans, lease finance, working capital financing, giving guarantees and any other financial assistance as may be conducive for development, construction, operation and maintenance of infrastructure projects in India; (vii) to provide finance through web /internet based applications and/or mobile app and to provide finance through various payment options, inter alia, credit cards, prepaid cards, stored value cards, debit cards, either in partnership or by self, subject to regulatory approvals, as may be required from time to time; and (viii) to undertake securitization, assignment and re-assignment, currency and interest rate and credit swaps, commodity swaps, forward trading, derivatives, mezzanine finance, derivatives, syndicated and consortium finance and (ix ) to borrow or raise monies through capital markets, public & any means including bank finance, securitization, borrowings from NBFC, insurance companies, corporates, funds, etc. whether Indian or foreign.

- To carry on the business of Investment/finance company in all its branches and to invest, sell,



purchase, exchange, surrender, extinguish, relinquish, subscribe, acquire, undertake, underwrite, hold, auction, convert or otherwise deal in any shares, stocks, debentures, debenture stock, bonds, negotiable instruments, units, hedge instruments, security receipts, warrants, certificates, premium notes, treasury bills, obligations, inter corporate deposits, call money deposits, public deposits, commercial papers, options, futures, money market instruments marketable or non-marketable, securities, derivatives, and other instruments whether listed or unlisted, including securities issued, guaranteed by any government, semi-government, local authorities, public sector undertakings, companies, corporations, co-operative societies, trusts, funds, state, dominion sovereign, ruler, commissioner public body or authority, supreme, municipal, local or otherwise and other organizations/entities persons and to acquire and hold controlling and other interests in the securities or loan capital of any issuer company or companies.

- To carry on the business as financial intermediaries, brokers, dealers, agents, share broking, money broking, property broking & consultants, exchange broking, bill broking, banking business correspondents and general brokers for shares, securities, obligations, commodities, bullion currencies, portfolio managers of funds of any person, firm, body corporate or trust for investing in growth fund, income fund, tax exempt funds, pension/superannuation funds and to pass on the benefits of portfolio investments to the investors as income distribution dividends, bonus, interest, charge processing fees, etc.
- To carry on the business as a promoter/sponsor of mutual fund, investment trust, asset manager of any trust or fund including any mutual fund, growth fund, hedge fund, infrastructure fund, income or capital funds, tax or exempted funds, provident funds, gratuity funds, pension funds, superannuation funds, charitable funds or consortia and/or all other funds and/or to provide advisory and/or consultancy services for investments and financial services, exchange of research information and analysis on a commercial basis, render corporate advisory services and/or manage a portfolio of securities and/or to pursue such other activities as may be necessary for attainment of these purposes.
- To carry on the business as a securitization and or asset reconstruction company and for that purpose to purchase, acquire, invest, transfer, sell, dispose of or trade in participation certificates, participation units, securitized debts, assets backed securities or mortgage backed securities or security

receipts or debts whether representing financial assets, receivables, debts, whether secured by mortgage of movables or hypothecation or charge on movables or otherwise, whether existent, accruing, conditional, contingent, future, performing or non-performing, impaired or unimpaired or otherwise; to purchase, acquire, invest, transfer, sell, dispose of or trade in or issue to public or private investors securities or instruments or certificates issued thereof on a discretionary basis or non-discretionary basis on behalf of any person or persons (whether individual, firm, companies, bodies corporate, government, state, sovereign, public body or authority, supreme, local or trusts, pension funds, offshore funds, charities or other associations or entities whether in private or public sector.

- To carry on the business of buying, selling, leasing, lease broking, letting on hire, hire-purchase or on easy payment system household and office furniture, domestic or business appliances, computers, tabulators, addressing machine and other sophisticated office machinery, installation fitting, machinery, motor cars, taxi-cabs, mopeds, scooters, motorcycles, 3-wheelers, auto-rickshaws, automobiles, tramcars, motor lorries, tractors, earthmoving machinery, wagons, cycles, bicycles, coaches, garages and all other vehicles drawn by motor, steam, oil, petroleum, electricity or any mechanical or other power or device, agricultural implements and machinery, air-ships, aeroplanes and helicopters, tools, plants, implements, utensils, apparatus and requisites and accessories, furniture, wireless and television receivers, telephones, telex, teleprinters, or other apparatus, ships, dredgers, barges and containers and to carry on the business of hire purchase of movable properties of any kind, machinery, plant of all kinds to buy, sell, alter, repair, exchange and deal in and finance the sale of furniture, apparatus, machinery, materials, goods and articles, to hire out or sell any of the same on hire purchase system.
- Subject to the provisions of the Insurance Regulatory & Development Authority Act, 1999 and other enactments, as amended from time to time and the rules and regulations framed there under, to undertake, carry on and transact the business of soliciting or procuring insurance business as an insurance agent and/or to act as an insurance intermediary or broker in respect of general insurance, life insurance or reinsurance business or to act as a composite broker and/or to carry on the business of distribution of insurance products and/or to act as an insurance consultant and/or to act as surveyors and loss assessors.

- To do all types of non-banking financial services, investment banking services and such other activities as may be permitted under the directions, rules, master circulars, guidelines issued by the Reserve Bank of India (RBI) and/or under the regulations issued by the Securities and Exchange Board of India (SEBI) or under the Negotiable Instruments Act.

The Transferee Company is engaged in the business of financial services.

### **C. Purpose and Rationale of the Scheme**

1.1 KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of KJMC Financial Services Limited, the Transferee Company. All the three companies are part of the same group.

1.2 Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company has decided to amalgamate the Transferor Companies together with their business and undertakings, with the Transferee Company, so as to achieve the following:

- Consolidation of businesses of the Transferor Companies (all of which are wholly-owned subsidiaries of the Transferee Company and all engaged in Financial services and its related support businesses) and the Transferee Company into a single entity which would result in the business activities to be carried out with greater focus and specialization thus, leading to the objective of achieving sustained growth.
- Enable the shareholders of KJMC Financial Services Limited to get direct participation in the business of its present wholly owned subsidiaries (being KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited)
- Simplified group and business structure;
- Elimination of multiplicity of the companies leading to synergies in operations, achieving efficiencies and economies of scale and reduction in operational costs, overheads, administrative and other expenditure.
- The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- The proposed amalgamation is in line with the global trend to achieve size, scale, integration and

greater financial strength and flexibility, in the interest of maximizing shareholders value. The merged entity i.e. the Transferee Company is likely to achieve higher long-term financial returns than that could be achieved by the Transferor Companies and the Transferee Company individually.

- The Transferor Companies believe that the financial managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies pooled in the merged entity will lead to increased competitive strength, cost reduction and efficiencies thereby significantly contributing to future growth.
  - The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
  - Reducing time and efforts for consolidation of financials at group level.
- 1.3 Thus, as a whole, amalgamation of the Transferor Companies with the Transferee Company in terms of the Scheme will be beneficial for all the three companies, their shareholders, their creditors, employees, customers and all others concerned with the three companies.

### **D. Parts of the Scheme**

The Scheme is divided into following parts:

Part I: Definitions and Interpretations

Part II: Capital Structure

Part III: Amalgamation of the Transferor Companies with the Transferee Company

Part IV: Cancellation of Shares of Transferor Companies & Increase of Authorized Share Capital of Transferee Company

Part V: Accounting treatment in the books of the Transferee Company

Part VI: General terms and conditions



## PART I

### DEFINITIONS AND INTERPRETATIONS

#### 1.1 Definitions

In addition to the words and expressions defined elsewhere in this Scheme, unless it is contrary or repugnant to the subject, context or meaning thereof, the following words and expressions shall have the meanings as set out hereunder:

- 1.1.1 "Act" means the (Indian) Companies Act, 2013, to the extent notified, and all amendments or statutory modifications thereto or re-enactments thereof, except where otherwise expressly provided;
- 1.1.2 "**Appointed Date**" means 1st April, 2018 or such other date as the National Company Law Tribunal [NCLT] Mumbai or any other Competent Government Authority may direct, which shall be the date with effect from which this Scheme shall become effective and with effect from which date the Transferor Companies shall amalgamate with the Transferee Company in terms of the Scheme, upon the order sanctioning this Scheme becoming effective.
- 1.1.3 "**Amalgamation**" means the amalgamation as specified under Section 2(1B) of the Income-tax Act, 1961.
- 1.1.4 "**Board of Directors**" in relation to KAMCL or KITCL or KFSL as the case may be, means the Board of Directors of the respective companies for the time being and shall include a Committee of Directors or any person authorized by the Board of Directors or such committee of directors.
- 1.1.5 "**Effective Date**" shall mean the last of the dates on which a certified copy of the order passed by the NCLT Tribunal of Judicature at Mumbai or any other Competent Government Authority sanctioning the Scheme, is filed by KAMCL, KITCL and KFSL respectively, with the Registrar of Companies, Maharashtra, Mumbai in terms of Section 232 (5) or any other provisions if any of the Companies Act, 2013.
- 1.1.6 "**Financial Statements**" include standalone and consolidated accounts, i.e., balance sheet, statement of profit & loss, cash flow statement and notes to accounts of the Transferor Companies and the Transferee Company, as the context may require.
- 1.1.7 "**Governmental Authority**" means any applicable central, state or local government, legislative body, regulatory or administrative authority, agency or commission or committee or any court, tribunal, board, bureau, instrumentality, Registrar of Companies, Regional Director, The Official Liquidator, National Company Law Tribunal, judicial or quasi-judicial or arbitral body having jurisdiction over the territory of India.
- 1.1.8 "**National Company Law Tribunal**" means the Hon'ble National Company Law Tribunal, Mumbai Bench that has jurisdiction over KAMCL, KITCL and

KFSL or such other forum or authority that may be vested with requisite powers under the Companies Act, 2013 in relation to the provisions of 230 to 232 of the Companies Act, 2013

- 1.1.9 "**KJMC Asset Management Company**" or First Transferor Company or KAMCL means KJMC Asset Management Company Limited (CIN:U74140MH1998PLC22022), an Unlisted Public Company, which was incorporated on 27th November, 1998 under the Companies Act, 1956 having its registered office at 168, Atlanta, 16th floor, Nariman Point, Mumbai 400 021.
- 1.1.10 "**KJMC Investment Trust**" or Second transferor company or KITCL means KJMC Investment Trust Company Limited (CIN: U74899MH1998PLC213839), a unlisted Public Company, which was incorporated on 1st December, 1998 under the Companies Act, 1956 having its registered office at 168, Atlanta, 16th floor, Nariman Point Mumbai – 40 0021.
- 1.1.11 "**KJMC Financial Services**" or Transferee Company or KFSL means KJMC Financial Services Limited (CIN: L65100MH1988PLC047873) a Listed Public Company, which was incorporated on 29th June, 1988 under the Companies Act, 1956 having its registered office at 162, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.
- 1.1.12 "**Scheme**" means this Scheme of Amalgamation of KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited with KJMC Financial Services Limited, in its present form, or with any modification(s) made under paragraph 6.4 hereof.
- 1.1.13 "**Operative Date**" means the Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the National Company Law Tribunal (NCLT) shall take effect from the Appointed Date but shall be operative from the Effective Date.
- 1.1.14 "**Subsidiary**" means subsidiaries of KJMC Financial Services Limited under Section 2(87) of the Act 2013.
- 1.1.15 "**Transferor Companies**" means collectively both the companies i.e. KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited.
- 1.1.16 "**Transferee Company**" means KJMC Financial Services Limited.
- 1.1.17 "**Transferred Undertaking**" means and includes the whole of the undertaking of the Transferor Companies together, as on the Appointed Date (further details of which are set out in Paragraph 3.2. thereof), and includes:
- i. all assets of the Transferor Companies, wherever situated, as are movable in nature, whether present, future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal, including without limitation current assets, furniture,



- fixtures, appliances, accessories, office equipment, communication facilities, installations, vehicles, utilities, actionable claims, earnest monies, security deposits and sundry debtors, bills of exchange, inter corporate deposits, financial assets and accrued benefits thereto, insurance claims recoverable, prepaid expenses, outstanding loans and advances recoverable in cash or in kind or for value to be received, provisions, receivables, funds, cheques and other negotiable instruments, cash and bank balances and deposits including accrued interests thereto with Governmental Authority, other authorities, bodies, customers and other persons, benefits of any bank guarantees, performance guarantees, corporate guarantees, letters of credit and tax related assets (including service tax, input credits, GST, value added tax or set-offs and any other tax benefits, exemptions and refunds under any other statutes)
- ii. all immovable properties including any tenancies in relation to office space, building plans, guest houses and residential premises and documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;
  - iii. all investments of the Transferor Companies including in the form of shares, scrips, stocks, bonds, debentures, debenture stock, units or pass through certificates and other securities and instruments, including all rights, interest and entitlement in relation thereto and rights and options exercised and application or subscription made for or in relation thereto ("Investments");
  - iv. all permits, licenses, permissions, approvals, consents, municipal permissions, benefits, registrations, rights, entitlements, certificates, clearances, authorities, allotments, quotas, no-objection certificates and exemptions of the Transferor Companies including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereof, including applications made in relation thereto ("Licenses");
  - v. all benefits, entitlements, incentives and concessions under incentive schemes and policies including under service tax, GST, VAT and income tax laws including MAT credit, subsidy receivables from Government, grants from any Governmental Authority, all other direct tax benefit/ exemptions/ deductions, to the extent statutorily available to the respective Transferor Companies, alongwith associated obligations;
  - vi. all contracts, agreements, Joint Venture Agreement, memorandum of understanding, bids, tenders, expressions of interest, letters of intent, commitments including to clients, and other third parties, hire and purchase arrangements, other arrangements, undertakings, deeds, bonds, investments and interest in projects undertaken by the Transferor Companies, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise, to which the Transferor Companies are parties, or to the benefit of which the Transferor Companies may be eligible ("Contracts")
  - vii. all intellectual property rights of the Transferor Companies, including pending applications (including hardware, software, source codes, parameterization and scripts), registrations, goodwill, logos, trade names, trademarks, service marks, copyrights, patents, technical know-how, trade secrets, domain names, computer programmes, moral rights, development rights, finished and ongoing research and development programs and all such rights of whatsoever description and nature, whether or not registered, owned or licensed, including any form of intellectual property which is in progress ("Intellectual Property");
  - viii. all employees of the Transferor Companies, whether permanent or temporary, engaged in or in relation to the Transferor Companies as on the Effective Date and whose services are transferred to the Transferee Company ("Transferred Employees") and contributions, if any, made towards any provident fund, employees state insurance, gratuity fund, staff welfare scheme or any other special schemes, funds or benefits, existing for the benefit of such Transferred Employees ("Funds"), together with such of the investments made by these Funds, which are referable to such Transferred Employees;
  - ix. all loans, debts, borrowings, obligations, duties, forward contract liability, cash credits, bills discounted, deferred income, contingent liability and liabilities (including present, future and contingent liabilities) pertaining to or arising out of activities or operations of the Transferor Companies, including obligations relating to guarantees in respect of borrowings and other guarantees ("Transferred Liabilities");
  - x. all legal (whether civil or criminal), taxation or other proceedings or investigations of whatsoever nature (including those before any Governmental Authority) that pertain to the Transferor Companies, initiated by or against the Transferor Companies or proceedings or investigations to which the Transferor Companies is party to, whether pending as on the Appointed Date or which may be instituted any time in the future ("Proceedings");
  - xi. all taxes, duties, cess, income tax benefits or exemptions including the right to claim deduction, to carry forward losses and tax credits under any provision of the Income Tax Act etc., that are allocable, referable or related to the Transferor Companies, including all credits under Income tax Act, including MAT credit, book losses (if any), all or



any refunds, interest due thereon, credits and claims relating thereto; and

- xii. all books, records, files, papers, engineering and process information, building plans, databases, catalogues, quotations, advertising materials, lists of present and former credit, and all other books and records, whether in physical or electronic form, of the Transferor Companies.

## 1.2 Interpretations

In this Scheme, unless the context otherwise requires:

- 1.2.1 References in this Scheme to "upon this Scheme becoming effective" or "effectiveness of this Scheme" shall mean the Effective Date of the Scheme;
- 1.2.2 references to the singular include a reference to plural and vice versa and reference to any gender includes a reference to all other genders;
- 1.2.3 Reference to persons shall include individuals, bodies corporate (wherever incorporated or unincorporated), associations and partnerships;
- 1.2.4 Headings are inserted for ease of reference only and shall not affect the construction or interpretation of this Scheme;
- 1.2.5 References to a paragraph shall be deemed to be a reference to a paragraph or Schedule of this Scheme;
- 1.2.6 Reference to the words 'hereof', 'herein' and 'hereby' and derivatives or similar words refer to this entire Scheme;
- 1.2.7 references to the words "including", "inter alia" or any similar expression, shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
- 1.2.8 any reference to any statute or statutory provision shall include:
- i. all subordinate legislations made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated from time to time) and any retrospective amendment; and
- ii. such provision as from time to time amended, modified, re-enacted or consolidated (whether before or after the filing of this Scheme) to the extent such amendment, modification, re-enactment or consolidation applies or is capable of applying to the matters contemplated under this Scheme and (to the extent liability there under may exist or can arise) shall include any past statutory provision (as amended, modified, re-enacted or consolidated from time to time) which the provision referred to has directly or indirectly replaced.

## PART II CAPITAL STRUCTURE

- 2.1 The capital structure of KJMC Asset Management Company Limited (the First Transferor Company) as on 31st March, 2018 is set out below:

Share Capital	Amount in Rs.
<b>Authorised Share Capital</b>	
1,20,00,000 Equity Shares of Rs. 10/- each	12,00,00,000
<b>Total</b>	<b>12,00,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
1,02,50,000 Equity Shares of Rs. 10/- each	10,25,00,000
<b>Total</b>	<b>10,25,00,000</b>

- 2.2 The capital structure of KJMC Investment Trust Company Limited (the Second Transferor Company) as on 31st March, 2018 is set out below:

Share Capital	Amount in Rs.
<b>Authorised Share Capital</b>	
1,50,000 Equity Shares of Rs.10/- each	15,00,000
<b>Total</b>	<b>15,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
1,50,000 Equity Shares of Rs. 10/- each	15,00,000
<b>Total</b>	<b>15,00,000</b>

- 2.3 The capital structure of KJMC Financial Services Limited, the Transferee Company as on 31st March, 2018 is set out below:

Share Capital	Amount in Rs.
3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000
85,000 Redeemable Preference shares of Rs.100/- each	85,00,000
1,15,000 - 0% Compulsorily Convertible Preference Shares of Rs.100/- each	1,15,00,000
13,00,000 Preference Shares of Rs.100/- each	13,00,00,000
<b>Total</b>	<b>50,00,00,000</b>
<b>Issued, Subscribed and Paid Up Capital</b>	
47,85,740 Equity Shares of Rs. 10/- each	4,78,57,400
<b>Total</b>	<b>4,78,57,400</b>

- 2.4 Upto and as on the date of approval of the Scheme by the Board of Directors of KAMCL, KITCL and KFSL respectively, there is no change in the Issued, Subscribed and Paid-up share Capital of the respective companies.

## PART III

### AMALGAMATION OF TRANSFEROR COMPANIES WITH TRANSFEREE COMPANY

#### 3.1 Transfer & Vesting of the Transferor Companies

Upon the order of the NCLT sanctioning the Scheme becoming effective, on and from the Appointed Date, the Transferred Undertaking of the Transferor Companies shall, together with all its properties, assets, agreements, joint venture Agreements, expression of Interest (EOI), rights, benefits, interests, liabilities and obligations, subject to the provisions of Paragraph 3.2 hereof in relation to the mode of vesting, and without any further deed or act and in accordance with Sections 230 to 232 of the Companies Act, 2013 and all other applicable provisions of law, be transferred to and vested in and be deemed to have been transferred to and vested in, the Transferee Company, as a going concern.

3.2 Without prejudice to the generality of the foregoing and to the extent applicable, unless otherwise stated herein, upon the order of the NCLT sanctioning this Scheme becoming effective, on and from the Appointed Date:

#### 3.2.1 Assets

- a) In respect of such assets of the Transferor Companies as are moveable in nature or are otherwise capable of transfer by delivery of possession, payment or by endorsement and delivery, the same shall stand transferred to and be vested in the Transferee Company and shall become the property of the Transferee Company. The vesting pursuant to this paragraph shall be deemed to have occurred by manual delivery or endorsement, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly, without requiring execution of any deed or instrument of conveyance for the same.
- b) In respect of such assets of the Transferor Companies as are or represent Investments registered and/or held in any form by or beneficial interest wherein is owned by the Transferor Companies, the same shall stand transferred/ transmitted to and be vested in and/or be deemed to have been transferred/transmitted to and vested in the Transferee Company, together with all rights, benefits and interest therein or attached thereto, without any further act or deed and thereupon the Transferor Companies shall cease to be the registered and/or the beneficial owner of such investments. The Transferor Companies shall be deemed to be holding such investments for and on behalf of and in trust for and for the benefit of the Transferee Company and all profits or dividends and other rights or benefits accruing / paid / distributed on such

investments and all taxes thereon, or losses arising or expenses incurred relating to such investments, shall, for all intent and purposes, be treated as the profits, dividends, rights, benefits, taxes, losses or expenses, as the case may be, of the Transferee Company.

- c) In respect of such of the moveable assets belonging to the Transferor Companies other than those specified in paragraph 3.2.1(a) and (b) hereof, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, the same shall (notwithstanding whether there is any specific provision for transfer of credits, assets or refunds under the applicable laws, wherever applicable), without any further act, instrument or deed by the Transferor Companies or the Transferee Company or the need for any endorsements, stand transferred from the Transferor Companies to and in favour of the Transferee Company. Any security, lien, encumbrance or charge created over any assets in relation to the loans, or borrowings or any other dues of the Transferor Companies, shall, without any further act or deed, stand transferred to the benefit of the Transferee Company and the Transferee Company will have all the rights of the Transferor Companies to enforce such security, lien, encumbrance or charge, by virtue of this Scheme.
- d) All immovable properties of the Transferor Companies including any tenancies in relation to warehouses, office space, guest houses and residential premises and all documents of title, rights and easements in relation thereto and all plant and machineries constructed on or embedded or attached to any such immovable properties and all rights, covenants, continuing rights, title and interest in connection with the said immovable properties, shall stand transferred to and be vested in and be deemed to have been transferred to and vested in the Transferee Company, without any further act or deed done/executed or being required to be done/executed by the Transferor Companies or the Transferee Company or both. The Transferee Company shall be entitled to exercise and enjoy all rights and privileges attached to the immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations and be entitled to all rights in relation to or as applicable to such immovable properties.

#### 3.2.2 Licenses & Certificates

All Licenses, permits, registrations & ownership certificate issued by various registering & statutory authorities relating to the Transferor Companies



shall stand transferred to and be vested in the Transferee Company, without any further act or deed done by the Transferor Companies or the Transferee Company and be in full force and effect in favour of the Transferee Company, as if the same were originally given to, issued to or executed in favour of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company.

### **3.2.3 Benefits, Entitlements, Incentives and Concessions**

All benefits, entitlements, incentives and concessions under incentive schemes and policies that the respective Transferor Companies is entitled to, including under service tax, GST, VAT and income tax laws including MAT credit, subsidy receivables from Government, grants from any governmental authority, direct tax benefit/exemptions/ deductions, shall, to the extent statutorily available and alongwith associated obligations, stand transferred to and be available to the Transferee Company as if the Transferee Company was originally entitled to all such benefits, entitlements, incentives and concessions.

### **3.2.4 Contracts**

- a) All Contracts and Agreements of the Transferor Companies which are subsisting or having effect immediately before the Effective Date, shall stand transferred to and vested in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or oblige thereto.
- b) Any inter-se contracts between the Transferor Companies on One hand and the Transferee Company on the other hand and Transferor companies amongst themselves shall stand cancelled and cease to operate upon the coming into effect of this Scheme.
- c) All guarantees provided by any bank in favour of the Transferor Companies outstanding as on the Effective Date, shall vest in the Transferee Company and shall enure to the benefit of the Transferee Company and all guarantees issued by the bankers of the Transferor Companies at the request of the Transferor Companies favouring any third party shall be deemed to have been issued at the request of the Transferee Company and continue in favour of such third party till its maturity or earlier termination.

### **3.2.5 Intellectual Property**

All Intellectual Property of the Transferor Companies shall stand transferred to and be vested

in the Transferee Company and be in full force and effect in favour of the Transferee Company and may be enforced by or against it as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party or beneficiary or oblige thereto.

### **3.2.6 Transferred Employees**

- a) All Transferred Employees of the Transferor Companies shall be deemed to have become the employees and staff of the Transferee Company with effect from the Appointed Date, and shall stand transferred to the Transferee Company without any interruption of service and on terms and conditions no less favorable than those on which they are engaged by the Transferor Companies, as on the Effective Date, including in relation to the level of remuneration and contractual and statutory benefit, incentive plans, terminal benefits, gratuity plans, provident plans and any other retirement benefits.
- b) The Transferee Company agrees that the services of all transferred Employees with the Transferor Companies prior to the transfer, shall be taken into account for the purposes of all benefits to which such Transferred Employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans and other retirement benefits and accordingly, shall be reckoned from the date of their respective appointment in the Transferor Companies. The Transferee Company undertakes to pay the same, as and when payable under applicable laws.

For avoidance of doubt, in relation to those Transferred Employees for whom the Transferor Companies is making contributions to the Government provident fund, the Transferee Company shall stand substituted for the respective Transferor Companies for all purposes whatsoever, including in relation to the obligation to make contributions to such funds in accordance with the provisions of such funds, bye-laws, etc. in respect of the Transferred Employees.

- c) All contributions made by the Transferor Companies on behalf of the Transferred Employees and all contributions made by the Transferred Employees including the interests arising thereon, to the Funds and standing to the credit of such Transferred Employees' account with such Funds, shall, upon this Scheme becoming effective, be transferred to the funds maintained by the Transferee Company along with such of the investments made by such Funds which are referable and allocable to the Transferred Employees and the Transferee Company shall stand substituted for the Transferor Companies with regard to the obligation to make the said contributions.
- d) The contributions made by the Transferor Companies under applicable law in connection with the Transferred Employees, to the Funds, for the period after the Appointed Date shall be deemed to

be contributions made by the Transferee Company.

- e) The Transferee Company shall continue to abide by the agreement(s) and settlement(s) entered into with the employees by the Transferor Companies, if any, in terms of such agreement(s) and settlement(s) subsisting on the Effective Date, in relation to the Transferred Employees.

### **3.2.7 Transferred Liabilities and Security**

- a) All Transferred Liabilities of the Transferor Companies, shall, to the extent they are outstanding as on the Effective Date, without any further act, instrument or deed, stand transferred to and be deemed to be the debts, liabilities, contingent liabilities, duties and obligations, etc., as the case may be, of the Transferee Company and shall be exercised by or against the Transferee Company, as if it had incurred such Transferred Liabilities.
- b) The Transferee Company alone shall be liable to meet, discharge and satisfy the Transferred Liabilities as the borrower/creditor in respect thereof.
- c) This Scheme shall not operate to enlarge or extend the security for any of the Transferred Liabilities and the Transferee Company shall not be obliged to create any further or additional securities after the Effective Date, unless otherwise agreed to by the Transferee Company with such secured creditors and subject to the consent and approval of the existing secured creditors of the Transferee Company, if any. Further, this Scheme shall not operate to enlarge or extend the security for any loan, deposit, credit or other facility availed by the Transferee Company, in as much as the security shall not extend to any of the assets forming part of the Transferred Undertakings.
- d) In so far as the existing security in respect of the Transferred Liabilities is concerned, such security shall, without any further act, instrument or deed, be modified and shall be extended to and shall operate only over the assets forming part of the Transferred Undertakings of the Transferor Companies, which have been charged and secured and subsisting as on the Effective Date, in respect of the Transferred Liabilities. Provided that if any of the assets forming part of the Transferred Undertakings of the concerned Transferor Companies have not been charged or secured in respect of the Transferred Liabilities, such assets shall remain unencumbered and the existing security referred to above shall not be extended to and shall not operate over such assets.
- e) It shall not be necessary to obtain the consent of any third party or other person, who is a party to any contract or arrangement by virtue of which such Transferred Liabilities have arisen in order to give effect to the provisions of this paragraph.
- f) It is expressly provided that, save as mentioned in this paragraph 3.2.7, no other term or condition of the Transferred Liabilities is modified by virtue of this

Scheme, except to the extent that such amendment is required by necessary implication.

- g) The Transferred Liabilities, if any, due or which may at any time in the future become due only inter-se the Transferor Companies and the Transferee Company, shall stand discharged and there shall be no liability in that behalf on either company and corresponding effect shall be given in the books of account and records of the Transferee Company, in accordance with Part V of this Scheme.

### **3.2.8 Legal and other such Proceedings**

All Proceedings transferred to the Transferee Company pursuant to the Scheme, shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation of the Transferor Companies or by anything contained in this Scheme and the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted or enforced by or against the Transferor Company, as if this Scheme had not been made. The Transferee Company undertakes to have such Proceedings relating to or in connection with the Transferor Companies, initiated-by or against the said Transferor Companies, transferred in the name of the Transferee Company as soon as possible, after the Effective Date, and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferee Company also undertakes to pay all amounts including interest, penalties, damages, etc., which the Transferor Companies may be called upon to pay or secure in respect of any liability or obligation relating to the Transferor Companies for the period from the Appointed Date up to the Effective Date and any costs incurred by the Transferor Companies in respect of such proceedings started by or against it relating to the period from the Appointed Date up to the Effective Date upon submission of necessary evidence by the said Transferor Companies to the Transferee Company for making such payment.

### **3.2.9 Tax Treatment**

All taxes, duties, cess, MAT credit, GST, tax related assets (including service tax, input credit, GST, value added tax, etc.) that are allocable, referable or related to the Transferor Companies and payable, whether due or not, upto a day immediately preceding the Appointed Date, including all advance tax payments, tax deducted at source, Mat credit, tax liabilities or any refunds, tax obligations, credit and claims, carry forward losses and tax credits under any provision of the Income Tax Act, 1961 shall, for all intent and purposes, be treated as the liability or refunds, credit and claims, as the case may be, of the Transferee Company.

### **3.2.10 Books and Records**

All books, records, files, papers, engineering and



process information, building plans, databases, catalogues, quotations, advertising materials, if any, lists of present and former clients and all other books and records, whether in physical or electronic form, of the Transferor Companies, to the extent possible and permitted under applicable laws, be handed over by them to the Transferee Company.

### **3.3 Conduct of Business**

#### **3.3.1 With effect from the Appointed Dates and upto the Effective Date:**

- a) The Transferor Companies shall carry on its business with reasonable diligence and commercial prudence and in the same manner as it has been doing hitherto;
- b) The Transferor Companies shall carry on and shall be deemed to have carried on all their respective business activities and shall hold and stand possessed and shall be deemed to have held and stood possessed of all the said assets, rights, title, interests, authorities, Contracts, investments and decisions, benefits for and on account of and in trust for the Transferee Company;
- c) All obligations, liabilities, duties and commitments attached, related or pertaining to the Transferor Companies shall be undertaken and shall be deemed to have been undertaken for and on account of and in trust for the Transferee Company; and
- d) All the profits and incomes accruing or arising to the Transferor Companies and all expenditure or losses arising or incurred by the Transferor Companies shall, for all purposes, be treated and be deemed to be the profits and incomes or expenditures and losses, as the case may be, of the Transferee Company.

3.3.2 All assets acquired or sold, leased or licensed, Licenses obtained, benefits, entitlements, incentives and concessions granted, Contracts entered into, Intellectual Property developed or registered or applications made thereto, Transferred Liabilities incurred and Proceedings initiated or made party to, between the Appointed Date and till the Effective Date by the Transferor Companies shall be deemed to be transferred and vested in the Transferee Company. For avoidance of doubt, where any of the Transferred Liabilities as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been discharged by the Transferor Companies on or after the Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company for all intent and purposes and under all applicable laws. Further where any of the Assets as on the Appointed Date (deemed to have been transferred to the Transferee Company) have been sold / transferred by the Transferor Companies on or after the Appointed Date but before the Effective Date, such sale shall be deemed to have been for and on behalf

of the Transferee Company for all intent and purposes and under all applicable laws. Further, in connection with any transactions between the Transferor Company and the Transferee Company between the Appointed Date and upto the Effective date, if any service tax has been paid by the Transferor Companies, then upon the Scheme coming into effect, the Transferee Company shall be entitled to claim refund of such service tax paid by the Transferor Companies.

- 3.3.3 With effect from the Effective Date, the Transferee Company shall carry on and shall be authorised to carry on the business of the Transferor Companies and till such time as the name of account holder in the respective bank accounts of the Transferor Companies is substituted by the bank in the name of the Transferee Company, the Transferee Company shall be entitled to operate such bank accounts of the Transferor Companies, in its name, in so far as may be necessary.
- 3.3.4 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Companies occurs by virtue of Part III of this Scheme itself, the Transferee Company may, at any time after the Effective Date, in accordance with the provisions hereof, if so required under applicable law or otherwise, give notice in such form, as may be required or as it may deem fit and proper or enter into or execute deeds (including deeds of adherence), confirmations, novations, declarations or other writings or documents as may be necessary and carry out and perform all such formalities and compliances, for and on behalf of the Transferor Companies, including, with or in favour of and required by (i) any party to any Contract to which the Transferor Companies is a party; or (ii) any Governmental Authority or non-government authority, in order to give formal effect to the provisions of this Scheme. Provided however, that execution of any confirmation or novation or other writings or arrangements shall in no event postpone the giving effect to this Scheme from the Effective Date.
- 3.3.5 To the extent possible, pending sanction of this Scheme, the Transferor Companies or the Transferee Company shall be entitled to apply to the relevant Governmental Authorities and other third parties concerned, as may be necessary under any law or contract for transfer or modification of such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Companies with effect from the Effective Date and subject to this Scheme being sanctioned by the NCLT.
- 3.3.6 For the purpose of giving effect to the order passed under Sections 230 to 232 and any other applicable provisions if any of the Companies Act, 2013 in respect of this Scheme by the NCLT, the Transferee Company shall, upon the Scheme becoming effective, be entitled to get the record of the change

in the legal right(s) standing in the name of the Transferor Companies, in its favour in accordance with such order and the provisions of Sections 230 to 232 and any other applicable provisions if any of the Companies Act, 2013.

### **3.4 Saving of Concluded Transactions**

The transfer and vesting of the Transferor Companies with and into the Transferee Company under Part III of the Scheme, shall not affect any transaction including sale of assets or proceedings already completed or liabilities incurred by the Transferor Companies, either prior to or on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company shall accept and adopt all acts, deeds and things done and executed by or on behalf of the Transferor Companies in respect thereto as acts, deeds and things done and executed by and on behalf of itself.

### **3.5 Dissolution of Transferor Companies**

Upon this Scheme becoming effective, KJMC ASSET MANAGEMENT COMPANY LIMITED and KJMC INVESTMENT TRUST COMPANY LIMITED shall stand dissolved without being wound-up.

## **PART IV**

### **CANCELLATION OF SHARES OF TRANSFEROR COMPANIES & INCREASE / CONSOLIDATION OF AUTHORISED SHARE CAPITAL OF TRANSFEE COMPANY**

#### **4.1 Cancellation of Shares of Transferor Companies**

4.1.1 The Transferor Companies are wholly owned subsidiaries of Transferee Company and therefore upon amalgamation of Transferor Companies with Transferee Company in terms of the Scheme becoming effective, the entire paid-up share capital i.e. equity share capital of the Transferor Companies held by the Transferee Company shall without any act or deed stand automatically cancelled and be extinguished and in lieu thereof and the Transferee Company shall not be required to issue and / or allot any shares to the members of the Transferor Companies.

#### **4.2 Increase / consolidation of authorized share capital of the Transferee Company**

4.2.1 Upon this Scheme becoming effective and upon the transfer and vesting of KAMCL and KITCL into KFSL pursuant to this Scheme, the entire authorized share capital of KAMCL and KITCL equal to Rs. 12,00,00,000/- (divided into 1,20,00,000 Equity shares of Rs.10/- each) and Rs. 15,00,000/- (divided into 1,50,000 equity shares of Rs. 10 each) shall stand merged with the authorized share capital of the KFSL the Transferee Company.

4.2.2 Thus, the Authorized Share Capital of the Transferee Company (KFSL) of Rs.50,00,00,000/- comprising of 3,50,00,000 Equity Shares of Rs.10/- aggregating to Rs.35,00,00,000/-, 85,000 Redeemable Preference shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000

Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/- shall stand increased by Rs.12,15,00,000/- to Rs. 62,15,00,000/- comprising of 4,71,50,000 Equity Shares of Rs.10/- aggregating to Rs.47,15,00,000/-, 85,000 Redeemable Preference shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000 Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/-.

4.2.3 Accordingly, the authorized share capital of the Transferee Company shall stand increased by an amount of Rs. 12,15,00,000/- and Clause V of the Memorandum of Association of KFSL (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 13 and 61 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 as the case may be and be replaced by the following clause:

"The Authorized Share Capital of the Company is Rs.62,15,00,000/- ( Rupees Sixty Two Crores Fifteen Lakhs only ) divided into 4,71,50,000 Equity Shares of Rs.10/- aggregating to Rs.47,15,00,000/-, 85,000 Redeemable Preference Shares of Rs.100/- each aggregating to Rs. 85,00,000/-, 1,15,000 – Compulsorily Convertible Preference shares of Rs.100/- each aggregating to Rs.1,15,00,000/- and 13,00,000 Preference Shares of Rs.100/- each aggregating to Rs.13,00,00,000/- .

The Company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions as may be determined by or in accordance with the Articles of Association of the company and to vary, modify or abrogate any right, privileges or condition or restriction in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provision for the time being in force in that behalf.

4.2.4 The stamp duty or filing fees paid on the authorized share capital of the Transferor Companies is permitted to be utilized and applied towards the increase in the authorized share capital of the Transferee Company in accordance with this paragraph 4.2 and no additional stamp duty shall be payable and no additional fee shall be payable to any regulatory authorities in relation to such increase in the authorized share capital of the Transferee Company. The Transferee Company shall file the requisite documentation with the relevant Registrar of Companies, which has jurisdiction over the Transferee Company, for the increase of the authorized share capital of the Transferee Company as aforesaid. It is hereby



clarified that for the purposes of increasing the authorized share capital in accordance with this paragraph 4.2, the sanction of the NCLT or any other Competent government Authority as the case may be shall be deemed to be sufficient for the purposes of effecting this amendment and that no further approval or resolution under any applicable provisions of the Companies Act, 2013 would be required to be separately passed.

#### **PART V**

#### **ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEEE COMPANY**

- 5.1 Accounting treatment in respect of amalgamation of Transferor Companies with Transferee Company.
- 5.1.1 Notwithstanding anything to the contrary herein, upon the Scheme coming into effect, the Transferee Company shall account for the amalgamation in its books of account in accordance with the Pooling of Interest method as laid down in Accounting Standard 14 "Accounting for Amalgamation" as per the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and other generally accepted accounting principles, or any other relevant or related requirement under the Act, as applicable on the Effective Date.
- 5.1.2 Transferee Company shall record the assets, liabilities and reserves relating to Transferred Undertaking of Transferor Companies vested in it pursuant to this Scheme, at their respective carrying amounts at the close of the business of the day immediately preceding the Appointed Date. The identity of the Reserves will be preserved.
- 5.1.3 The identity of the reserves of the Transferor Companies, if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Transferor Companies mentioned above as on the date immediately preceding the Appointed Date. Accordingly, if prior to this Scheme becoming effective there is any Reserve in the financial statements of the Transferor Companies mentioned above, which are available for distribution to shareholders whether as bonus shares or dividend or otherwise, the same would continue to remain available for such distribution by the Transferee Company, subsequent to this Scheme becoming effective.
- 5.1.4 The balances of the profit and loss accounts of Transferor Companies (as appearing in financial statements mentioned above) shall be aggregated, and added to or set-off from, as the case may be, the corresponding balance appearing in the financial statements of the Transferee Company.
- 5.1.5 Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Transferor Companies and the

Transferee Company and Transferor companies amongst themselves, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for the reduction of any assets or liabilities, as the case may be.

- 5.1.6 The shares held by the Transferee Company in the Transferor Companies shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 5.1.7 The difference between the investment in the financial statements of the Transferee Company in the Transferor Companies and the amount of paid-up share capital of the Transferor Companies respectively, shall be adjusted against the Reserves.
- 5.1.8 In case there is any difference in the accounting policies adopted by the Transferor companies and the Transferee company, the accounting policies followed by the Transferee company will prevail and the difference will be quantified and adjusted in the Reserves to ensure that the financial statements of the Transferee company reflect the financial position on the basis of consistent accounting policy.
- 5.1.9 The Transferor Companies are wholly owned subsidiaries of the Transferee Company, thus pursuant to the Scheme no new shares shall be issued after the Scheme is sanctioned by the NCLT at Mumbai.
- 5.1.10 In addition, the Transferee Company shall pass such accounting entries, as may be necessary, in connection with this Scheme to comply with any of the applicable accounting standards and generally accepted accounting principles.

#### **PART VI**

#### **GENERAL TERMS AND CONDITIONS**

- 6.1. **Application(s) to the National Company Law Tribunal [NCLT]**
- 6.1.1 The Transferor Companies and the Transferee Company shall make, as applicable, joint or separate applications/petitions under Section 230 to 232 of the Companies Act, 2013 to the NCLT, as necessary, inter alia, to seek orders for dispensing with or for convening, holding or conducting of the meetings of their respective shareholders and creditors, sanctioning of this Scheme and for consequent actions including for dissolution of the Transferor Companies without winding up and further applications / petitions under Sections 230 to 232 of the Companies Act, 2013 including for sanction / confirmation / clarification of the Scheme or connected therewith, as necessary.
- 6.2. **Revision of accounts and tax filings, modification of charge**
- 6.2.1 Upon this Scheme becoming effective and from the Appointed Date, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax



deducted at source returns, services tax returns, GST Returns and value added tax returns, as may be applicable and has expressly reserved the right to make such provisions in its returns and to claim refunds or credits etc, if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have lapsed.

6.2.2 Filing of the certified copy of the order of the NCLT sanctioning this Scheme with the relevant Registrar of Companies, Maharashtra, Mumbai shall be deemed to be sufficient for creating or modifying the charges in favour of the secured creditors, if any, of the Transferor Companies, as required as per the provisions of this Scheme.

### **6.3 Tax neutrality**

6.3.1 The amalgamation in accordance with this Scheme shall be pursuant to and in compliance with the provisions of Section 2(1B) of the Income-tax Act, 1961, or any modification or re-enactment thereof.

6.3.2 If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme.

### **6.4 Modifications and Amendments to the Scheme**

6.4.1 Notwithstanding anything to the contrary contained in this Scheme, the Transferor Companies and the Transferee Company (acting through their respective Board of Directors or a committee thereof or authorised representatives) may make or assent, from time to time, to any modifications, amendments, clarifications or confirmations to this Scheme, which they deem necessary and expedient or beneficial to the interests of the stakeholders and the NCLT.

6.4.2 The Transferor Companies and the Transferee Company (acting through their respective Board of Directors or a committee thereof or authorised representatives) shall be authorised to take all such steps and give such directions, as may be necessary, desirable or proper, to resolve any doubts, difficulties or questions that may arise in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, whether by reason of any directive or orders of the NCLT or any other authorities or otherwise, howsoever arising out of or under or by virtue of this Scheme or any matter concerned or connected therewith and to do and execute all acts, deeds, matters and, things necessary for giving effect to this Scheme.

6.4.3 For the purpose of giving effect to this Scheme or to any modifications or amendments thereof or additions thereto, the delegate of the Transferor Companies and the Transferee Company may give

and are hereby authorised to determine and give all such directions as are necessary and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

6.4.4 However, no modifications and / or amendments to the Scheme can be carried out or effected by the Board of Directors without approval of the NCLT and the same shall be subject to powers of the NCLT under Section 230 to 232 of the Companies Act, 2013.

### **6.5 Conditionality of the Scheme**

6.5.1 This Scheme is conditional upon and subject to the following:

A The requisite consent, approval or permission of the Appropriate Authorities or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

B The Scheme being approved by the respective requisite majorities of the members and creditors of the Transferor Companies and Transferee Company as may be directed by the NCLT and/or any other competent authority and it being sanctioned by the NCLT and / or any other competent authority, as may be applicable.

C All other sanctions and approvals as may be required by law including registration of the order of the Tribunal sanctioning the Scheme of Amalgamation or any other Appropriate Authority, by the Registrar of Companies, under the Act in respect of this Scheme being sanctioned.

D Certified copies of the orders of the NCLT or such other competent authority, as may be applicable, sanctioning this Scheme being filed with the respective Registrar of Companies.

6.5.2 Notwithstanding anything to the contrary contained herein, the non-receipt of any sanctions or approvals for transfer of a particular asset or liability forming part of the Transferor Companies to the Transferee Company pursuant to this Scheme, shall not affect the effectiveness of this Scheme, if the Board of Directors of the Transferor Companies and the Transferee Company so decide.

6.5.3 On the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred on the Appointed Date and become effective and operative only in the sequence and in the order mentioned hereunder:

a) Amalgamation of KAMCL and KITCL and transfer and vesting thereof in KFSL;

b) Transfer of the Authorized Share Capital of KAMCL and KITCL to KFSL and consequential increase in the authorised share capital of the Transferee Company (in accordance with paragraph 4.2 hereof).

### **6.6 Revocation and withdrawal of this Scheme**

The Board of Directors of the Transferor Companies



and the Transferee Company shall be entitled to revoke, cancel, withdraw and declare this Scheme to be of no effect at any stage, but before the Effective date, and where applicable re-file, at any stage in case (a) this Scheme is not approved by the NCLT or if any other consents, approvals, permissions, resolutions, agreements, sanctions and conditions required for giving effect to this Scheme are not received or delayed; (b) any condition or modification imposed by the NCLT and/or any other authority is not acceptable; (c) the coming into effect of this Scheme in terms of the provisions hereof or filing of the drawn up order(s) with any Governmental Authority could have adverse implication on either of the Transferor Companies and/or the Transferee Company; or (d) for any other reason whatsoever, and do all such acts, deeds and things as they may deem necessary and desirable in connection therewith and incidental thereto. On revocation, cancellation or withdrawal, this Scheme shall stand revoked, cancelled or withdrawn and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se between the respective Transferor Companies and the Transferee Company or their respective shareholders or creditors or employees or any other person, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each party shall bear its own costs, unless otherwise mutually agreed.

#### **6.7 Severability**

If any part of this Scheme is held invalid, ruled illegal by any Tribunal of competent jurisdiction, or becomes unenforceable for any reason, whether under present or future laws, then it is the intention of both the Transferor Companies and the Transferee Company that such part of the Scheme shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part of the Scheme shall causes this Scheme to become materially adverse to either the Transferee Company or the Transferor Companies, in which case the Transferor Companies and the Transferee Company shall attempt to bring about a modification in this Scheme, as will best preserve for the parties the benefits and obligations of this Scheme, including but not limited to such part of the Scheme.

#### **6.8 Dividend**

6.8.1 The respective Transferor Companies and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders, as may be decided by their respective Board of Directors, in respect of the accounting period prior to the Effective Date.

6.8.2 It is clarified that the aforesaid provisions in respect of declaration of dividends is an enabling provision only and shall not be deemed to confer any right on any shareholder of either of the Transferor Companies or the Transferee Company to demand or claim any dividends, which is subject to the provisions of the Companies Act, 2013, shall be entirely at the discretion of the Board of Directors of the Transferor Companies and the Transferee Company, as the case may be, subject to such approval of the respective shareholders, as may be required.

#### **6.9 Costs and expenses**

All costs, expenses, charges, taxes, fees and all other expenses, if any, including stamp duty and registration charges, if any, arising out of or incurred in carrying out and implementing the terms of this Scheme and the incidentals thereto shall be borne and paid by the Transferee Company.

### **Annexure - 2**

#### **REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KJMC ASSET MANAGEMENT COMPANY LIMITED AT ITS MEETING HELD ON WEDNESDAY THE 23RD DAY OF JANUARY, 2019 EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDER**

##### **1. Background**

The proposed Scheme of Amalgamation between KJMC Asset Management Company Limited (KAMCL) the first Transferor company and KJMC Investment Trust Company Limited (KITCL) the Second Transferor Company with KJMC Financial Services Limited ("KFSL") and their respective shareholder ("the Scheme") was approved by the Board of Directors of KAMCL vide resolution dated 23rd day of January, 2019. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement and amalgamation on equity shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders

2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.

2.1 The Following documents were placed before the Board

2.1.1 Draft Scheme duly initialed by the Director for the purpose of identification.

2.1.2 Report of the Audit Committee of the Board of Directors dated 23rd day of January, 2019.

### 3. RATIONAL FOR THE SCHEME

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of KJMC Financial Services Limited, the Transferee Company. All the three companies are part of the same group.

Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company has decided to amalgamate the Transferor Companies together with their business and undertakings, with the Transferee Company, so as to achieve the following:

- a) Consolidation of businesses of the Transferor Companies (all of which are wholly-owned subsidiaries of the Transferee Company and all engaged in Financial services and its related support businesses) and the Transferee Company into a single entity which would result in the business activities to be carried out with greater focus and specialization thus, leading to the objective of achieving sustained growth.
- b) Enable the shareholders of KJMC Financial Services Limited to get direct participation in the business of its present wholly owned subsidiaries (being KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited)
- c) Simplified group and business structure;
- d) Elimination of multiplicity of the companies leading to synergies in operations, achieving efficiencies and economies of scale and reduction in operational costs, overheads, administrative and other expenditure.
- e) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- f) The proposed amalgamation is in line with the global trend to achieve size, scale, integration and greater financial strength and flexibility, in the interest of maximizing shareholders value. The merged entity i.e. the Transferee Company is likely to achieve higher long-term financial returns than that could be achieved by the Transferor Companies and the Transferee Company individually.
- g) The Transferor Companies believe that the financial managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies pooled in the merged entity will lead to increased competitive strength, cost

reduction and efficiencies thereby significantly contributing to future growth.

- h) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
    - i) Reducing time and efforts for consolidation of financials at group level.
  - Thus, as a whole, amalgamation of the Transferor Companies with the Transferee Company in terms of the Scheme will be beneficial for all the three companies, their shareholders, their creditors, employees, customers and all others concerned with the three companies.
4. Effect of the Scheme of Amalgamation on equity shareholders (promoter shareholder and non-promoter shareholder), employees and KMPs of KAMCL

Under the Scheme, an Amalgamation is sought to be entered into between KAMCL and its equity shareholders.

Sr. No.	Category of Stakeholder	Effect of the Scheme
(I)	Shareholders	KJMC Asset Management Company Limited(KAMCL) the First Transferor Company is wholly owned subsidiary of KJMC Financial Services Limited (KFSL) the Transferee Company and therefore upon amalgamation of First Transferor Company (KAMCL) with Transferee Company (KFSL) in terms of the Scheme becoming effective, the entire paid-up share capital i.e., equity share capital of the First Transferor Company (KAMCL) held by the Transferee Company (KFSL) shall without any act or deed stand automatically cancelled and be extinguished and in lieu thereof and the Transferee Company (KFSL) shall not be required to issue and / or allot any shares to the



		members of the First Transferor Company (KAMCL).
(ii)	Promoters	Promoters of the First Transferor Company and the Transferee company are same. All the shares of the First Transferor company are held by the Transferee Company and its nominees.
(iii)	Non-Promoter Shareholders	There are no Non Promoter shareholders in the First transferor company
(iv)	Employees	Under Clause 3.2.6 of the Scheme, on and from the Effective Date, KFSL undertakes to engage all the Employees of KAMCL on the same terms and conditions on which they are engaged by KAMCL without any interruption of services and in the manner provided under clause 3.2.6 of the Scheme. In the circumstances, the rights of the Employees of KAMCL would in no way be affected by the Scheme.  Under the Scheme, no right of the Employees of KAMCL are being affected. The services of the Employees of KAMCL under the scheme shall continue on the same terms and conditions on which they were engaged by KAMCL.
(iv)	Key Managerial Personnel	The Key managerial Personnel of the First Transferor Company (KMP's) shall continue as Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme.

4.1 There is no effect of the Scheme on the creditors, key managerial personnel and promoters and non-promoters shareholders of KAMCL. Upon the effectiveness of the Scheme, the directors of KAMCL shall cease to be its directors as KAMCL shall stand dissolved without winding up.

**5. Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board is entitled to make relevant modification to this report, if required, and such modifications or amendments shall be deemed to form part of this report.

6. No special valuation difficulties were reported

By Order of the Board  
For KJMC Asset Management Company Limited

Sd/-  
Rajnish Jain  
Director  
DIN: - 00151988  
Dated 23rd January, 2019

**Annexure - 3**

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KJMC INVESTMENT TRUST COMPANY LIMITED AT ITS MEETING HELD ON WEDNESDAY THE 23RD DAY OF JANUARY, 2019 EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDER**

**1. Background**

The proposed Scheme of Amalgamation between KJMC Asset Management Company Limited (KAMCL) the first Transferor company and KJMC Investment Trust Company Limited (KITCL) the Second Transferor Company with KJMC Financial Services Limited ("KFSL") and their respective shareholder ("the Scheme") was approved by the Board of Directors of KITCL vide resolution dated 23rd day of January, 2019. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement and amalgamation on equity shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders

2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2) (c) of the Companies Act, 2013.

2.1 The Following documents were placed before the Board

2.1.1 Draft Scheme duly initialed by the Director for the purpose of identification.

**3. RATIONAL FOR THE SCHEME**

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of KJMC Financial Services Limited, the Transferee Company. All the three companies are part of the same group.

Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company has decided to amalgamate the Transferor Companies together with their business and undertakings, with the Transferee Company, so as to achieve the following:

- a) Consolidation of businesses of the Transferor Companies (all of which are wholly-owned subsidiaries of the Transferee Company and all engaged in Financial services and its related support businesses) and the Transferee Company into a single entity which would result in the business activities to be carried out with greater focus and specialization thus, leading to the objective of achieving sustained growth.
- b) Enable the shareholders of KJMC Financial Services Limited to get direct participation in the business of its present wholly owned subsidiaries (being KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited)
- c) Simplified group and business structure;
- d) Elimination of multiplicity of the companies leading to synergies in operations, achieving efficiencies and economies of scale and reduction in operational costs, overheads, administrative and other expenditure.
- e) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- f) The proposed amalgamation is in line with the global trend to achieve size, scale, integration and greater financial strength and flexibility, in the interest of maximizing shareholders value. The merged entity i.e. the Transferee Company is likely to achieve higher long-term financial returns than that could be achieved by the Transferor Companies and the Transferee Company individually.
- g) The Transferor Companies believe that the financial managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies pooled in the merged entity will lead to increased competitive strength, cost reduction and efficiencies thereby significantly contributing to future growth.
- h) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in

effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.

- i) Reducing time and efforts for consolidation of financials at group level.
  - Thus, as a whole, amalgamation of the Transferor Companies with the Transferee Company in terms of the Scheme will be beneficial for all the three companies, their shareholders, their creditors, employees, customers and all others concerned with the three companies.
4. Effect of the Scheme of Amalgamation on equity shareholders (promoter shareholder and non-promoter shareholder), employees and KMPs of KITCL

Under the Scheme, an Amalgamation is sought to be entered into between KITCL and its equity shareholders.

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	KJMC Investment Trust Company Limited(KITCL) the Second Transferor Company is wholly owned subsidiary of KJMC Financial Services Limited (KFSL) the Transferee Company and therefore upon amalgamation of First Transferor Company (KITCL) with Transferee Company (KFSL) in terms of the Scheme becoming effective, the entire paid-up share capital i.e., equity share capital of the Second Transferor Company (KITCL) held by the Transferee Company (KFSL) shall without any act or deed stand automatically cancelled and be extinguished and in lieu thereof and the Transferee Company (KFSL) shall not be required to issue and / or allot any shares to the members of the Second Transferor Company (KITCL).
(ii)	Promoters	Promoters of the Second Transferor Company and the Transferee company are same. All the shares of the Second Transferor company are held by the



		Transferee Company and its nominees.
(iii)	Non-Promoter Shareholders	There are no Non Promoter shareholders in the Second Transferor company
(iv)	Employees	Under Clause 3.2.6 of the Scheme, on and from the Effective Date, KFSL undertakes to engage all the Employees of KITCL on the same terms and conditions on which they are engaged by KITCL without any interruption of services and in the manner provided under clause 3.2.6 of the Scheme. In the circumstances, the rights of the Employees of KITCL would in no way be affected by the Scheme.  Under the Scheme, no right of the Employees of KITCL are being affected. The services of the Employees of KITCL under the scheme shall continue on the same terms and conditions on which they were engaged by KITCL.
(iv)	Key Managerial Personnel	The Key managerial Personnel of the Second Transferor Company (KMP's) shall continue as Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme.

4.1 There is no effect of the Scheme on the creditors, key managerial personnel and promoters and non-promoters shareholders of KITCL. Upon the effectiveness of the Scheme, the directors of KITCL shall cease to be its directors as KITCL shall stand dissolved without winding up.

**5. Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board is entitled to make relevant modification to this report, if required, and such modifications or amendments shall be deemed to form part of this report.

6. No special valuation difficulties were reported

By Order of the Board  
For KJMC Investment Trust Company Limited

Sd/-  
I.C.Jain  
Director  
DIN: - 00178901  
Dated 23rd January, 2019

**Annexure – 4**

**REPORT ADOPTED BY THE BOARD OF DIRECTORS OF KJMC FINANCIAL SERVICES LIMITED AT ITS MEETING HELD ON WEDNESDAY THE 23RD DAY OF JANUARY, 2019 EXPLAINING THE EFFECT OF SCHEME ON EQUITY SHAREHOLDERS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND NON-PROMOTER SHAREHOLDER**

**1. Background**

The proposed Scheme of Amalgamation between KJMC Asset Management Company Limited (KAMCL) the first Transferor company and KJMC Investment Trust Company Limited (KITCL) the Second Transferor Company with KJMC Financial Services Limited ("KFSL") and their respective shareholder ("the Scheme") was approved by the Board of Directors of KFSL vide resolution dated 23rd day of January, 2019. Provisions of Section 232(2)(c) of the Companies Act, 2013 requires the Directors to adopt a report explaining the effect of arrangement and amalgamation on equity shareholders, key managerial personnel (KMPs), promoters and non-promoters shareholders of the Company laying out in particular the share exchange ratio and the same is required to be circulated to the equity shareholders

2. This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Companies Act, 2013.

2.1 The Following documents were placed before the Board

2.1.1 Draft Scheme duly initialed by the Director for the purpose of identification.

2.1.2 Report of the Audit Committee of the Board of Directors dated 23rd day of January, 2019.

**3. RATIONAL FOR THE SCHEME**

KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited are wholly owned subsidiaries of KJMC Financial Services Limited, the Transferee Company. All the three companies are part of the same group.

Accordingly, the Board of Directors of the Transferor Companies and the Transferee Company has decided to amalgamate the Transferor Companies together with their business and undertakings, with the Transferee Company, so as to achieve the following:

a) Consolidation of businesses of the Transferor Companies (all of which are wholly-owned subsidiaries of the Transferee Company and all engaged in Financial services and its related support businesses) and the Transferee Company into a single entity which would result in the business activities to be carried out with greater focus and specialization thus, leading to the objective of achieving sustained growth.

b) Enable the shareholders of KJMC Financial Services Limited to get direct participation in the business of its present wholly owned subsidiaries

(being KJMC Asset Management Company Limited and KJMC Investment Trust Company Limited)

- c) Simplified group and business structure;
- d) Elimination of multiplicity of the companies leading to synergies in operations, achieving efficiencies and economies of scale and reduction in operational costs, overheads, administrative and other expenditure.
- e) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- f) The proposed amalgamation is in line with the global trend to achieve size, scale, integration and greater financial strength and flexibility, in the interest of maximizing shareholders value. The merged entity i.e. the Transferee Company is likely to achieve higher long-term financial returns than that could be achieved by the Transferor Companies and the Transferee Company individually.
- g) The Transferor Companies believe that the financial managerial and technical resources, personnel, capabilities, skills, expertise and technologies of the Transferor Companies pooled in the merged entity will lead to increased competitive strength, cost reduction and efficiencies thereby significantly contributing to future growth.
- h) The amalgamation of the operations of the Transferor Companies into the Transferee Company will assist the Transferor Companies and its management in meeting the funding through a common funding mechanism. This will result in effective management and utilization of funds for capital expenditure and working capital. The efficiencies generated through cash management of the merged entity and access to cash flow generated by the combined business can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.
- i) Reducing time and efforts for consolidation of financials at group level.
- Thus, as a whole, amalgamation of the Transferor Companies with the Transferee Company in terms of the Scheme will be beneficial for all the three companies, their shareholders, their creditors, employees, customers and all others concerned with the three companies.
4. Effect of the Scheme of Amalgamation on equity shareholders (promoter shareholder and non-

promoter shareholder), employees and KMPs of KJMC Financial Services Limited (KFSL).

Under the Scheme, an Amalgamation is sought to be entered into between KFSL and its equity shareholders.

Sr. No.	Category of Stakeholder	Effect of the Scheme
(i)	Shareholders	KJMC Asset Management Company Limited (KAMCL) and KJMC Investment Trust Company Limited (KITCL) the Transferor Companies are wholly owned subsidiaries of KJMC Financial Services Limited (KFSL) the Transferee Company and therefore upon amalgamation of Transferor Companies with Transferee Company in terms of the Scheme becoming effective, the entire paid-up share capital i.e., equity share capital of the Transferor Companies (KJMC Asset Management company Limited and KJMC Investment Trust Company Limited ) held by the Transferee Company (KJMC Financial Services Limited) shall without any act or deed stand automatically cancelled and be extinguished and in lieu thereof and the Transferee Company shall not be required to issue and / or allot any shares to the members of the Transferor Companies.
(ii)	Promoters	Promoters of the First Transferor Company and Second Transferor company and the Transferee company are same. All the shares of the First Transferor company and Second transferor Company are held by the Transferee Company and its nominees.
(iii)	Non-Promoter Shareholders	There are no Non Promoter shareholders in the First transferor company and Second Transferor Company.
(iv)	Employees	Under Clause 3.2.6 of the Scheme, on and from the Effective Date, KFSL undertakes to engage all the



		<p>Employees of KAMCL and KITCL on the same terms and conditions on which they are engaged by KAMCL and KITCL without any interruption of services and in the manner provided under clause 3.2.6 of the Scheme. In the circumstances, the rights of the Employees of KAMCL and KITCL would in no way be affected by the Scheme.</p> <p>Under the Scheme, no right of the Employees of KFSL is being affected. The services of the Employees of KFSL, under the scheme, shall continue on the same terms and conditions on which they were engaged by KFSL.</p>
(iv)	Key Managerial Personnel	The Key managerial Personnel of the First Transferor Company (KMP's) shall continue as Key Managerial Personnel of the Transferee Company after effectiveness of the Scheme.

4.1 There is no effect of the Scheme on creditors, the key managerial personnel and/or the Directors and promoters and non-promoters shareholders of KFSL.

**5 Adoption of Report by the Directors**

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board is entitled to make relevant modification to this report, if required, and such modifications or amendments shall be deemed to form part of this report.

6. No special valuation difficulties were reported

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

**Sd/-  
Rajnish Jain  
Whole Time Director  
DIN:- 00151988  
Dated 23rd January, 2019**

**Annexure 5  
Independent Auditor's Report  
To The Members of KJMC Financial Services Limited  
Report on the Standalone Financial Statements  
Opinion**

**We have audited the accompanying standalone financial statements of KJMC Financial Services Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, and Statement of cash flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, and its cash flows for the year ended on that date.

**Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

We have determined that there are no key audit matters to communicate in our report.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including annexures thereto but does not include the financial statements and our auditor's report thereon. The Directors' Report including annexures thereto is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to



be materially misstated.

When we read the Directors' Report including annexures thereto, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

#### Responsibilities of the Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to 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 principles generally accepted in India, specified under Section 133 of the Act read with the rules made thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error,

design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:



- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the rules made thereunder.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company does not have any long-term contracts for which there were any material foreseeable losses. The Company does not have any derivative contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Sachin A. Negandhi**

*Partner*

**Place: Mumbai**  
Date : May 22, 2019 Membership No.: 112888

#### **Annexure 'A' to the Auditor's Report**

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the standalone financial statements for the year ended on March 31, 2019, of **KJMC Financial Services Limited**)

- (i) (a) The Company is maintaining 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 during the year. No material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The Company does not have inventory. Accordingly, clause 3 (ii) of the Order is not applicable.
- (iii) The Company had granted an unsecured loan to a company covered in the register maintained under section 189 of the Companies Act, 2013.
  - (a) In our opinion, the terms and conditions on which the loan had been granted to the company listed in the register maintained under Section 189 were not, prima facie, prejudicial to the interest of the Company.
  - (b) the schedule of repayment of principal and payment of interest had been stipulated and the repayment of the principal amount and the interest were regular;
  - (c) There is no overdue amount in respect of loan granted to such company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans given, investments made, guarantees and security given by the Company.
- (v) The Company has not accepted any deposit from the public and consequently the directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, with regard to the deposits accepted from the public are not applicable to the Company.
- (vi) We are informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, it is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, goods and services tax, duty of customs, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in

respect of above which were outstanding, as at March 31, 2019 for a period of more than six months from the date on which they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, goods and services tax, duty of customs, which have not been deposited on account of any dispute.
- (viii) 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 loans or borrowings to financial institution or bank. The Company does not have any outstanding debentures.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company or on the Company by any of its officers or employees noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements etc. as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) According to the information and explanations given to us, pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him / her.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

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

Sachin A. Negandhi  
*Partner*  
Membership No.: 112888

Place: Mumbai  
Date : May 22, 2019

## **Annexure - B to the Independent Auditor's Report of even date on the Financial Statements of KJMC Financial Services Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **KJMC Financial Services Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The



procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial

Reporting issued by the Institute of Chartered Accountants of India.

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

Sachin A. Negandhi  
*Partner*  
Membership No.: 112888

Place: Mumbai  
Date :May 22, 2019

**BALANCE SHEET AS AT MARCH 31, 2019**

CIN NO : L65100MH1988PLC047873

(₹ in '000')

PARTICULARS	NOTE NO.	As at 31.03.2019	As at 31.03.2018
<b>(I) EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	47,857	47,857
(b) Reserves and Surplus	3	110,276	109,264
<b>Non-Current Liabilities</b>			
(a) Long Term Borrowings	4	1,435	-
(b) Other Long Term Liabilities	5	21,500	21,500
(c) Long Term Provision	6	538	423
<b>Current Liabilities</b>			
(a) Short Term Borrowings	7	117,767	119,663
(b) Trade Payables			
(A) Micro & Small Enterprises		-	-
(B) Others		-	-
(c) Other Current Liabilities	8	3,795	1,475
(d) Short Term Provisions	9	145	134
<b>TOTAL</b>		<b>303,313</b>	<b>300,316</b>
<b>(II) ASSETS</b>			
<b>Non-Current Assets</b>			
(a) (i) Property, Plant & Equipment	10	3,715	2,196
(ii) Intangible assets (Including Goodwill on Consolidation)		-	-
(iii) Capital work in progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-Current Investments	11	215,002	222,797
(c) Deferred Tax Assets (Net)	12	13,389	13,729
(d) Receivables under financing activity	13	15,718	8,272
(e) Long-term Loans and Advances	14	5,853	4,693
<b>Current Assets</b>			
(a) Current Investment	15	300	558
(b) Inventory	16	4,933	1,725
(c) Cash and cash equivalents	17	365	283
(d) Receivables under financing activity	13	42,307	44,735
(e) Short-term Loans and Advances	18	1,731	1,328
<b>TOTAL</b>		<b>303,313</b>	<b>300,316</b>

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

1 to 35

**As per our report of even date attached  
For K.S. Aiyar & Co.**

Chartered Accountants  
ICAI Firm Registration No: 100186W

**Sachin A Negandhi**  
Partner  
Membership No. 112888  
Place : Mumbai  
Date: 22nd May 2019

**For and on behalf of the Board of Directors  
KJMC Financial Services Limited**

**Girish Jain**  
Director  
DIN: 00151673

**Rajnish Jain**  
Whole Time Director  
DIN: 00151988

**Pradeep Poddar**  
Chief Financial Officer  
Place : Mumbai  
Date: 22nd May 2019

**Kanak Lata Jain**  
Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

CIN NO : L65100MH1988PLC047873

(₹ in '000')

PARTICULARS	NOTE NO.	For the year ended 31.03.2019	For the year ended 31.03.2018
Revenue from Operations	19	70,365	69,242
Other Income	20	556	652
<b>Total Revenue</b>		<b>70,921</b>	<b>69,894</b>
Expenses:			
Purchase of Shares in Stock in Trade	21	38,720	34,665
Change in Stock in Trade	22	(3,208)	(1,725)
Employee Benefits Expenses	23	9,245	10,571
Finance Costs	24	14,196	12,335
Depreciation and Amortization Expenses	10	897	661
Other Expenses	25	9,670	7,364
<b>Total Expenses</b>		<b>69,520</b>	<b>63,871</b>
<b>Profit Before Tax</b>		<b>1,401</b>	<b>6,023</b>
Tax Expense:			
(1) Current tax		-	-
(2) Deferred tax		340	1,049
(3) MAT Credit		-	-
(4) Prior period Taxes		47	-
		387	1,049
<b>Profit for the Year</b>		<b>1,014</b>	<b>4,974</b>
Earnings per Equity Share: (₹)			
(1) Basic		0.21	1.04
(2) Diluted		0.21	1.04

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

1 to 35

**As per our report of even date attached**

**For K.S. Aiyar & Co.**

Chartered Accountants

ICAI Firm Registration No: 100186W

**Sachin A Negandhi**

Partner

Membership No. 112888

Place : Mumbai

Date: 22nd May 2019

**For and on behalf of the Board of Directors**

**KJMC Financial Services Limited**

**Girish Jain**

Director

DIN: 00151673

**Rajnesh Jain**

Whole Time Director

DIN: 00151988

**Pradeep Poddar**

Chief Financial Officer

Place : Mumbai

Date: 22nd May 2019

**Kanak Lata Jain**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

CIN NO : L65100MH1988PLC047873

(₹ in '000')

	PARTICULARS	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>A</b>	<b>Cash Flow from Operating Activities</b>		
<b>A</b>	<b>Net Profit Before Tax and Extraordinary Items</b>	<b>1,401</b>	<b>6,023</b>
	Adjustment for:		
	Depreciation	897	661
	Profit on Sale of Asset	(362)	-
	Addition/(Reversal) of Provision of Standard Assets	10	72
	Interest and Financial Charges	14,196	12,335
	<b>Operating Profit Before Working Capital Changes</b>	<b>16,142</b>	<b>19,091</b>
	<b>Changes in Working Capital :</b>		
	(Increase)/Decrease in Loans and Advances	(5,420)	(26,937)
	(Increase)/Decrease in Inventory	(3,208)	(1,725)
	(Increase)/Decrease in Investments	8,053	1,125
	Increase/( Decrease) in Trade Payable and Other Liabilities	1,960	(4,690)
	<b>(Increase)/ Decrease in Working Capital</b>	<b>1,385</b>	<b>(32,227)</b>
	<b>Cash generated from Operations</b>	<b>17,527</b>	<b>(13,136)</b>
	Net of Income Taxes Refund received/(Paid)	(1,206)	(868)
	<b>Cash Flow Before Extraordinary Items</b>	<b>16,321</b>	<b>(14,004)</b>
	Extraordinary Items	-	-
	<b>Net Cash flow from Operating Activities</b>	<b>16,321</b>	<b>(14,004)</b>
<b>B</b>	<b>Cash Flow from Investment Activities</b>		
	Purchase of Fixed Assets	(2,555)	(124)
	Sale of Asset	500	-
	<b>Net Cash Flow from Investing Activities</b>	<b>(2,055)</b>	<b>(124)</b>
<b>C</b>	<b>Cash Flow From Financing Activities</b>		
	Long Term Loan Taken-Secured	1,434	-
	Short Term Loan Taken-Secured	57,543	14,305
	Short Term Loan Repaid-Secured	(58,626)	-
	Short Term Loan Repaid-UnSecured	(1,330)	(3,620)
	Short Term Loan Taken-UnSecured	991	15,875
	Interest and Financial Charges	(14,196)	(12,335)
	<b>Net Cash Flow from Financing Activities</b>	<b>(14,184)</b>	<b>14,225</b>
	Net Increase in Cash and Cash Equivalents	82	95
	Cash and Cash Equivalents at the beginning of the Year *	283	188
	Cash and Cash Equivalents at the close of the Year *	<b>365</b>	<b>283</b>
*	<b>Cash and Cash Equivalents comprise of :</b>		
	Cash in hand	18	1
	Balance in current account	347	282
	<b>Total</b>	<b>365</b>	<b>283</b>

**Note :** The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements.

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

**Sachin A Negandhi**  
Partner  
Membership No. 112888  
Place : Mumbai  
Date: 22nd May 2019

For and on behalf of the Board of Directors  
**KJMC Financial Services Limited**

**Girish Jain**  
Director  
DIN: 00151673

**Rajnish Jain**  
Whole Time Director  
DIN: 00151988

**Pradeep Poddar**  
Chief Financial Officer  
Place : Mumbai  
Date: 22nd May 2019

**Kanak Lata Jain**  
Company Secretary



## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### 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:**

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act'). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **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:**

###### **(i) 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, over the useful life of the assets and in the manner prescribed under Schedule II of the Companies Act, 2013.

###### **(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.

##### **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. 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:**

Interest, service charges etc. are recognised as income on accrual basis with reference to the terms of contractual commitments such as Loan and finance agreements entered into with borrowers, as the case may be, except in the case of delinquent assets provided for where income is recognised only when realised and, interest income, where income is recognised when right to receive payment is established

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 denominated monetary assets & 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 contract 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. Receivables under financing activity**

(i) Receivables under financing activity represent principal and Interest outstanding at the close of the year but net of amount written off.

(ii) The Company assesses all receivables for their recoverability and accordingly makes provisions for non-performing assets and delinquent assets not yet NPAs as considered necessary including by accelerating provision to an early stage based on past experience, emerging trends and estimates.

(iii) A general provision, as required by RBI Regulations/Guidelines, is also made by the Company on the standard assets outstanding which is disclosed under 'Long-term provisions' in note no. 5 to the financial statements.

**m. 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 31.03.2019	As at 31.03.2018
<b>Note - 2: Share Capital</b>		
<b>Authorised:</b>		
3,50,00,000 (Previous Year: 3,50,00,000) Equity Shares of ₹ 10/- each	350,000	350,000
85,000 (Previous Year: 85,000) Redeemable Preference shares of ₹ 100/- each	8,500	8,500
1,15,000 (Previous Year: 1,15,000) 0% Compulsorily Convertible Preference Shares of ₹ 100/- each	11,500	11,500
13,00,000 (Previous Year: 13,00,000) Preference Shares of ₹ 100/- each	130,000	130,000
	500,000	500,000
<b>Issued,Subscribed and Paid up:</b>		
47,85,740 (Previous Year: 47,85,740) Equity Shares of ₹ 10/- each fully paid up	47,857	47,857
	<b>47,857</b>	<b>47,857</b>

**Additional Information:**

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

(₹ in '000')

Equity Shares of ₹ 10 each	2018-19		2017-18	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	4,785,740	47,857	4,785,740	47,857
Add: Issued during the year	-	-	-	-
Add: Shares Issued out of conversion of Preference shares during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,785,740	47,857	4,785,740	47,857

**(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 31-03-2019		At at 31-03-2018	
	No. of Shares held	%age of Holding	No. of Shares held	%age of Holding
Chand Devi Jain	1,387,242	28.99%	1,387,242	28.99%
KJMC Corporate Advisors (I) Ltd.	950,000	19.85%	950,000	19.85%
KJMC Shares & Securities Ltd.	245,000	5.12%	245,000	5.12%
I. C. Jain HUF	267,065	5.58%	267,065	5.58%

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Note - 3 : Reserves and Surplus</b>		
<b>Securities Premium</b>		
As per last balance sheet	14,410	14,410
Add : Received during the year	-	-
Less: Deduction during the year	-	-
<b>Closing Balance</b>	<b>14,410</b>	<b>14,410</b>
<b>General Reserve :</b>		
As per last balance sheet	2,760	2,637
Add : Addition during the year	25	124
Less: Deduction during the year	-	-
<b>Closing Balance</b>	<b>2,785</b>	<b>2,761</b>
<b>Capital Redemption Reserve :</b>		
As per last balance sheet	49,900	49,900
Add : Addition during the year	-	-
Less: Deduction during the year	-	-
<b>Closing Balance</b>	<b>49,900</b>	<b>49,900</b>
<b>Special Reserve</b>		
As per last balance sheet	10,221	9,227
Add : Addition during the year	203	995
Less : Deduction during the year	-	-
<b>Closing Balance</b>	<b>10,424</b>	<b>10,222</b>
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Balance brought forward from last year	31,971	28,116
Add:		
Profit for the Year	1,014	4,974
<b>Amount available for appropriation</b>	<b>32,985</b>	<b>33,090</b>
Less : Appropriations		
a) Special Reserve *	203	995
b) General Reserve	25	124
<b>Balance carried forward</b>	<b>32,757</b>	<b>31,971</b>
<b>Total</b>	<b>110,276</b>	<b>109,264</b>

\* 20% of the Net Profit After Tax is transferred to Special Reserve as required u/s 451C of RBI Guidelines, 1934.

(₹ in '000')

Particulars	Non-Current Maturities		Current Maturities	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>Note - 4: Other Long Term Liabilities</b>				
<b>Term Loans:</b>				
<b>From Bank (Secured):</b>				
<b>From other (Secured):</b>				
Vehicle Loan	-	-	-	-
(Refer Additional Information below)				
Amount disclosed under the head "Other Current Liabilities" (Refer Note-8 )			(474)	-
<b>NET AMOUNT</b>	<b>1,435</b>	<b>-</b>	<b>(474)</b>	<b>-</b>

**Additional Information**  
**Vehicle Loan**

Particulars	Amount of Loan (₹ In '000s.)	Interest rate % p.a	Installment amount (₹ in '000s.)	No. of Outstanding Installments
Secured by vehicle bought under loan and repayable in 48 Equated monthly installments	2,097	9.1	52.195	43

(₹ in '000')

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Note -5 : Other Long Term Liabilities</b>		
<b>Security Deposits</b>		
Interest free deposit from related party payable		
<b>from Related Parties :</b>	21,500	21,500
<b>Total</b>	<b>21,500</b>	<b>21,500</b>
<b>Note -6 : Long Term Provision</b>		
Provision for Ex- Gratia	538	423
<b>Total</b>	<b>538</b>	<b>423</b>
<b>Note -7 : Short Term Borrowings</b>		
Cash credit from bank repayable on demand (Secured)	12,873	23,195
(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 @ MCLR Rate + 2.15%.) (Refer Note - 32)		
HDFC Bank (Over Draft against FD) - 8.60%	63,357	-
Loan from NBFC (Secured)		
(Loans secured against pledge of shares bearing interest rate @ 12.00%, repayable on demand.)	20,512	79,138
(Loans secured against pledge of shares bearing interest rate @ 11.00%, repayable on demand.)	4,034	-
Loan from Group Company (Unsecured) bearing interest rate @ 12.00%	16,991	17,330
<b>Total</b>	<b>117,767</b>	<b>119,663</b>
<b>Note -8 : Other Current Liabilities</b>		
Current Maturities of Long Term Borrowings	474	-
Employee Dues	1739	327
Statutory Dues	503	646
Provision for Expenses	241	243
Others	838	259
<b>Total</b>	<b>3,795</b>	<b>1,475</b>
<b>Note -9 : Short Term Provisions</b>		
Contingent Provision against Standard/Sub - Standard Assets	145	134
<b>Total</b>	<b>145</b>	<b>134</b>

(₹ in '000')

**Note - 10: Property, Plant & Equipment**

Description	Gross Block					Depreciation				Net Block	
	As on 01.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 01.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Building	10,849	-	-	-	10,849	9,021	334	-	9,355	1,494	1,828
Computers	397	138	-	-	535	319	76	-	395	140	78
Furniture & Fixtures	6,646	-	-	-	6,646	6,555	9	-	6,564	82	91
Office Equipments	2,199	19	-	-	2,218	2,171	12	-	2,183	35	28
Vehicles	2,792	2,397	2,792	-	2,397	2,621	466	2,654	433	1,964	171
<b>Total (A)</b>	<b>22,883</b>	<b>2,554</b>	<b>2,792</b>	<b>-</b>	<b>22,645</b>	<b>20,687</b>	<b>897</b>	<b>2,654</b>	<b>18,930</b>	<b>3,715</b>	<b>2,196</b>
<b>Previous Year</b>	<b>22,758</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>22,883</b>	<b>20,026</b>	<b>661</b>	<b>-</b>	<b>20,687</b>	<b>2,196</b>	



**Intangible Assets**

Description	Gross Block					Depreciation				Net Block	
	As on 01.04.2018	Additions/ Adjustments during the year	Sale/ Adjustments during the year	Impairment/ Reversal during the year	As on 31.03.2019	As on 01.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Computer Software	36	-	-	-	36	36	-	-	36	-	-
<b>Total (B)</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-</b>	<b>-</b>
Previous Year	36	-	-	-	36	36	-	-	36	-	-
<b>Total (A+B)</b>	<b>22,919</b>	<b>2,554</b>	<b>2,792</b>	<b>-</b>	<b>22,681</b>	<b>20,723</b>	<b>897</b>	<b>2,654</b>	<b>18,966</b>	<b>3,715</b>	<b>2,196</b>
Previous Year	22,794	125	-	-	22,919	20,062	661	-	20,723	2,196	-

(₹ in '000')

Sr No.	Particulars	FV (₹)	As on 31.03.2019		As on 31.03.2018	
			Qty (Nos)	Amount	Qty (Nos)	Amount
	<b>Note - 11 : Non-Current Investments</b>					
	<b>Non- Trade-Quoted</b>					
	<b>Investment in Equity Shares</b>					
1	Avenue Supermarts Limited (Dmart)	10	-	-	1,000	450
2	Arvind Fashions Limited	4	580	220	-	-
3	Anveshan Heavy Engineering Limited	10	107	4	-	-
4	Bodal Chemicals Ltd	2	-	-	1,000	185
5 ***	Capacite Infraprojects Ltd	10	5,850	2,428	6,493	2,695
6	Cochin Shipyard Ltd	10	-	-	1,606	924
7 *	Hotline Glass Ltd	10	37,549	-	37,549	-
8 **	ICICI Prudential Life Insurance Co Ltd	10	49,375	16,872	50,000	17,086
9	ICICI Bank Ltd	2	10	3	10	3
10 *	KDL Biotech Ltd.	10	10	-	10	-
11	Lawreshwar Polymers Ltd	10	1,251	88	1,251	88
12	Menon Pistons Ltd	2	264,393	3,436	307,458	3,996
13	N2N Technologies Limited	10	5,000	261	5,000	261
14 **	Poly Medicare Ltd. (Share)	10	783,996	49,883	858,345	54,517
15	Polylink Polymers (I) Ltd	5	4,617	37	10,500	85
16	State Bank Of India (Share)	1	100	29	100	29
17	Shree Ram Urban Infrastructure Ltd	10	-	-	4,701	240
18 *	Shree Vindhya Paper Mills Ltd	10	1	-	1	-
19 ***	Arvind Ltd	10	2,900	895	4,000	1,544
20	Electrosteel Steels Ltd	10	-	-	90,000	606
21	KSK Energy Ventures Ltd	10	25,000	449	50,000	898
22	Som Dist & Brew Ltd	10	-	-	2,500	657
23 * **	RBL Bank Ltd	10	3,250	1,792	-	-
24 ***	HDFC Asset Management Co Ltd	5	1,500	2,234	-	-
25	Lasa Supergenerics Ltd	10	3,234	611	3,234	611
26 ***	Reliance Nippon Life Ltd	10	11,310	3,457	11,898	3,637
27	The South Indian Bank Ltd	10	60,000	905	-	-
28	Tube Investments of India Ltd (TIINDIA)	1	-	-	1,000	244
29	V2 Retail Limited	10	-	-	1,500	645
30	Arman Financial Services Limited	10	-	-	462	103
31	Care Ratings Limited	10	-	-	98	149
32	DCB Bank Ltd	10	-	-	1,329	247
33	Garware - Wall Ropes Ltd	10	-	-	268	249
34	Good Year India Ltd	10	-	-	182	151
35	Hero MotoCorp Ltd	2	-	-	25	99
36	Tata Investment Corporation Ltd.	10	-	-	195	156
37	Manapurram Finance Ltd.	2	-	-	1,568	163
38	Muthoot Finance Limited.	10	-	-	632	281
39	Nesco Ltd.	2	-	-	348	183
40	Ujjivan Financial Services Ltd.	10	-	-	506	179
	<b>SUB-TOTAL (A)</b>			<b>83,604</b>		<b>91,361</b>

Sr No.	Particulars	FV (₹)	As at 31.03.2019		As at 31.03.2018	
			Qty (Nos)	Amount	Qty (Nos)	Amount
	<b>Non-Trade -Unquoted Investment in Equity Shares</b>					
<b>A</b>	<b>In Subsidiaries</b>					
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
3	KJMC Trading & Agency Limited	10	100,000	1,000	100,000	1,000
				<b>115,763</b>		<b>115,763</b>
<b>B</b>	<b>In Associates</b>					
1	KJMC Platinum Builders Pvt Ltd	10	79,800	12,635	79,800	12,635
2	KJMC Realty Pvt. Ltd.	10	-	-	3,800	38
				<b>12,635</b>		<b>12,673</b>
<b>C</b>	<b>In other companies</b>					
1	Prime Pictures Limited	10	25,000	-	25,000	-
2	0% CCDs of Piquor Technologies Private Ltd	10	300,000	3,000	300,000	3,000
				<b>3,000</b>		<b>3,000</b>
	<b>SUB - TOTAL (B)</b>			<b>131,398</b>		<b>131,436</b>
	<b>TOTAL (A + B)</b>			<b>215,002</b>		<b>222,797</b>
	Aggregate amount of quoted Investment			83,604		91,361
	Aggregate Market Value of quoted Investment			203,150		255,352
	Aggregate amount of unquoted Investment			131,398		131,436
	Aggregate provision for diminution in value of investments			NIL		NIL

\* These shares stand de-listed as on 31/03/2019".

\*\* 226,200 (P.Y 200,200) Shares of Poly Medicare Ltd & 49375 (P.Y 45700 ) Shares of ICICI Prudential Life Insurance Co Ltd are Pledged as security for Loan from Non-Banking Financial Company (Refer Note - 7 )

\*\*\* These Shares are Pledged in current Financial year as security for Loan from Non-Banking Financial Company (Refer Note - 7 )

(₹ in '000')

Particulars	As at 31.03.2019	As at 31.03.2018
	<b>Note -12 : Deferred Taxation</b>	
<b>Deferred Tax Assets</b>		
Business Loss	12,393	4,910
Unabsorbed Depreciation	409	409
Unabsorbed Long Term Capital Loss	471	8,302
Property, Plant & Equipment (Diff in W.D.V)	116	108
	<b>13,389</b>	<b>13,729</b>
<b>Deferred Tax Liability</b>		
Property, Plant & Equipment	-	-
<b>Deffered tax Asset/(Liability)-Net</b>	<b>13,389</b>	<b>13,729</b>

(₹ in '000')

Particulars	Non-Current		Current	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018
<b>Note -13 : Receivables under Financing Activity</b>				
(Good unless otherwise stated )				
<b>Secured</b>				
Against hypothecation of automobiles.	14,898	8,272	32,179	10,866
<b>Others</b>				
Loans to Others (Unsecured, Considered good)	820	-	9,178	29,942
Loans to Others (Secured by Pledge of Securities)			-	2,027
<b>Related Parties :</b>				
- Unsecured, Considered good				
Loans to Related Party ( Rate of Interest 14%)	-	-	950	1,900
	<b>15,718</b>	<b>8,272</b>	<b>42,307</b>	<b>44,735</b>

(₹ in '000')

Particulars	As at 31.03.2019	As at 31.03.2018
<b>Note -14 : Long Term Loans and Advances</b>		
Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good		
Security Deposits		
Unsecured, considered good	1,529	1,529
Advance Income Tax	3,913	2,706
Less: Provision for Taxation	(1,836)	(1,709)
MAT credit Entitlement	2,247	2,167
<b>Total</b>	<b>5,853</b>	<b>4,693</b>

(₹ '000')

Particulars	As At 31.03.2019		As At 31.03.2018	
	Qty (Nos)	Amount	Qty (Nos)	Amount
<b>Note -15 : Current Investment</b>				
<b>Non-Trade -Quoted</b>				
<b>Investment in Mutual Funds</b>				
Quantum Liquid Fund	11,968	299	-	-
Reliance ETF Liquid Bees	0.475	1	-	-
DSP Black Rock Liquid Fund	-	-	231	558
		<b>300</b>		<b>558</b>
Aggregate amount of quoted Investment		<b>300</b>		<b>558</b>
Aggregate Market Value of quoted Investment		<b>305</b>		<b>573</b>
Aggregate amount of unquoted Investment		<b>NIL</b>		<b>NIL</b>
Aggregate provision for diminution in value of investments		<b>NIL</b>		<b>NIL</b>

(₹ '000')

<b>Note -16 : Inventory</b>		
Stock in Trade	4,933	1,725
	<b>4,933</b>	<b>1,725</b>
<b>Note -17 : Cash and cash equivalents</b>		
Cash in Hand	18	1
Balance with Banks		
- In Current Accounts	347	282
<b>Total</b>	<b>365</b>	<b>283</b>
<b>Note -18 : Short Term Loans and Advances</b>		
Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,731	1,328
<b>Total</b>	<b>1,731</b>	<b>1,328</b>

(₹ '000')

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Note -19 : Revenue from Operations</b>		
Interest Income	13,432	6,980
Profit on Sale of Investments, Futures & Options (Net)	13,939	24,563
Dividend Income	2,204	1,122
Processing & Documentation Fees	1,748	1,005
Sale of Shares	39,042	35,572
<b>Total</b>	<b>70,365</b>	<b>69,242</b>

(₹ '000's)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Note -20 : Other Income</b>		
Compensation for Use of Office & Common Facilities	30	30
Miscellaneous Income	526	622
<b>Total</b>	<b>556</b>	<b>652</b>
<b>Note -21 : Purchase of Shares in Stock in Trade</b>		
Purchase of Shares in Stock in Trade	38,720	34,665
	<b>38,720</b>	<b>34,665</b>
<b>Note -22 : Change in Stock in Trade</b>		
Closing Stock in Trade	4,933	1,725
Opening Stock in Trade	1,725	-
	<b>(3,208)</b>	<b>(1,725)</b>
<b>Note -23 : Employee Benefit Expenses</b>		
Salaries and wages	7,334	6,682
Contribution / provisions to provident, Gratuity and other provisions.	432	465
Staff welfare expenses	1,479	3,424
<b>Total</b>	<b>9,245</b>	<b>10,571</b>
<b>Note -24 : Finance Costs</b>		
Interest to other/NBFC	6,980	9,596
Interest to Bank	6,550	2,618
Bank Charges	96	121
Guarantee Commission	570	-
<b>Total</b>	<b>14,196</b>	<b>12,335</b>
<b>Note -25 : Other Expenses</b>		
Advertisement	56	52
Auditors Remuneration (for break up refer below)	129	126
Business Promotion Expenses	637	197
Electricity Expenses	299	245
Infrastructural Support service Expenses	238	246
Insurance Expenses	41	49
Legal Fees	135	46
Listing Fees	250	287
Miscellaneous Expenses	1,243	452
Motor Car Expenses	88	157
Loan Processing Charges	1,112	711
Service Charge	1,890	280
Office Maintenance & Utility Expenses	247	279
Postage & Telegram	111	36
Printing & Stationery	140	130
Professional & Consul. Fees Exp	742	622
Rent	1,800	1,800
Repairs & Maintenance (Others)	39	20
Subscription & Membership	53	91
Travelling Expenses	409	1,466
Provision for Standard Asset	11	72
<b>Total</b>	<b>9,670</b>	<b>7,364</b>
As Statutory Auditor		
As Audit Fees	40	40
For Taxation matters	10	10
For Limited Review	68	68
For reimbursement of expenses/Service Tax	12	9
	<b>129</b>	<b>126</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**27. Contingent Liabilities:**

Claims against the Company for the Financial Year 2018-19 is NIL (PY 2017-18 is NIL)

**28.** Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹ NIL (Previous Year ₹ NIL)

**27.** 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: (₹ '000's)

Sr. No	Particulars	31.03.2019	31.03.2018
(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.

**29 a** Earnings in Foreign Currency - ₹ Nil (₹ Nil).

Expenditure in Foreign Currency – C.Y ₹ 101 ('000') (P.Y ₹ 1122 (in'000')).

**29 b** The Board of Directors of the Company at its meeting held on January 23, 2019 has subject to the approval of the National Company Law Tribunal (NCLT) and other statutory authorities, considered and approved the proposed Scheme of Amalgamation ("Scheme") under Section 230 and 232 and other applicable provisions of the Companies Act, 2013 between the company and KJMC Asset Management Co Ltd & KJMC Investment Trust Co Ltd, in terms of which KJMC Asset Management Co Ltd & KJMC Investment Trust Co Ltd will get merged with the Company on going concern basis with effect from April 1, 2018 (Appointed date). KJMC Asset Management Co Ltd & KJMC Investment Trust Co Ltd are both wholly owned subsidiaries under common control of the Holding Company i.e KJMC Financial Services Ltd. The company has made an application to NCLT on 25th March 2019, pending approval of the NCLT and other statutory authorities, no effect of the proposed Scheme has been given in the financial statements of the company for the financial year ended March 31, 2019.

**30 Obligations on long-term, non-cancellable operating leases**

The lease rentals charged during the period and the obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows: (₹ '000's)

Particulars	Year Ended	
	31.03.2019	31.03.2018
Lease rental recognized during the year	1,800	1,800
<b>Lease obligation Payable</b>		
Within one year of the balance sheet date	1,800	1,200
Due in a period between one year and five years	1200	-

**31. Earnings per Share:**

(₹ '000's)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
Net Profit / (Loss) after Taxation(₹ in '000')	1,014	4,974
Less : Preference Dividend and Tax thereon(₹ )	Nil	Nil
Net Profit/(Loss) for calculation of EPS (₹ in '000' )	1,014	4,974
The weighted average Number of Equity Share (Nos.)- (Basic)	4,785,740	4,785,740
The weighted average Number of Equity Share (Nos.)- (Diluted)	4,785,740	4,785,740
Face Value (₹)	10	10
Earnings Per Share (Basic) 0.21	1.04	
Earnings Per Share (Diluted)	0.21	1.04



**32. Related party disclosures under Accounting Standard 18:**

**List of related parties**

**1) Parties where control exists**

**Wholly owned subsidiary Companies** :KJMC Asset Management Company Limited.  
KJMC Investment Trust Company Limited.  
KJMC Trading & Agency Limited.

**2) Other parties**

**(a) Key Management Personnel**

Rajnish Jain – Whole Time Director.  
Pradeep Poddar – Chief Financial Officer.  
Kanak Lata Jain - Company Secretary

**(b) Relatives of Whole Time Director**

Inderchand Jain - Father of Whole Time Director  
Chanddevi Jain - Mother of Whole Time Director  
Girish Jain - Brother of Whole Time Director  
Shraddha Rajnish Jain - Wife of Whole Time Director  
Pratham Jain - Son of Whole Time Director

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

KJMC Corporate Advisors (India) Limited	KJMC Credit Marketing Limited
KJMC Shares and Securities Limited	KJMC Capital Market Services Limited
KJMC Commodities Market India Limited	Puja Trades & Investments Pvt Ltd
Prathamesh Enterprises Private Limited	KJMC e.Business Ventures Private Limited
KJMC Investment Company	KJ Golden Real Estate Private Limited
KJ Diamond Real Estate Private Limited	KJMC Realty Pvt. Ltd.
AKIP Venture Private Limited	

**(d) Associates**

KJMC Platinum Builders Private Limited



Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/ relatives are able to exercise significant influence	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
1	<b>Interest Income</b> Prathmesh Enterprises Pvt Ltd KJMC Trading & Agency Ltd Rajnish Jain	- - -	- 1 -	- - -	- - -	- - -	- - 632	204 - -	85 - -
2	<b>Interest Paid</b> KJMC Platinum Builders Pvt Ltd KJMC Asset Management CO Ltd	- 1200	- 930	- -	- -	- -	- -	795 -	842 -
3	<b>Board Meeting Fees</b> Inderchand Jain Aditi Jain Girish jain	- - -	- - -	- - -	- - -	20 16 19	20 16 18	- - -	- - -
4	<b>Salary and Perquisites</b> Rajnish Jain Pratham R Jain	- -	- -	- -	- -	4,398 -	4,677 -	- -	- -
5	<b>Deposit (For Appt of Director)</b> KJMC Trading & Agency Ltd	-	100	-	-	-	-	-	-
6	<b>Deposit Repaid (For Appt of Director)</b> KJMC Trading & Agency Ltd	-	100	-	-	-	-	-	-
7	<b>Loan given to Borrower</b> Rajnish Jain KJMC Trading & Agency Ltd Prathmesh Enterprises Pvt Ltd	- - - -	- - 25 -	- - - -	- - - -	- - - -	- 11,350 - -	- - - 750	- - - 3,175
9	<b>Repayment of Loan by Borrower</b> Rajnish Jain KJMC Trading & Agency Ltd Kartik Konar (Against Salary) Prathmesh Enterprises Pvt Ltd	- - - -	- 25 - -	- - - -	- - - -	- - - -	11,350 - 20 -	- - - 1,700	- - - 1,275
10	<b>Loan taken</b> KJMC Platinum Builders Pvt Ltd KJMC Asset Management Co Ltd	- -	- 10,000	- -	- -	- -	- -	- -	2,375 -
11	<b>Loan Repaid</b> KJMC Platinum Builders Pvt Ltd	-	-	-	-	-	-	1,300	120
12	<b>Rent Income</b> KJMC Corporate Advisors (India) Ltd	-	-	-	-	-	-	30	30
13	<b>Infrastructural Support Services</b> KJMC Capital Market Services Ltd	-	-	-	-	-	-	238	247
14	<b>Brokerage Charges</b> KJMC Capital Market Services Ltd	-	-	-	-	-	-	146.159	211
15	<b>Depository Charges</b> KJMC Capital Market Services Ltd	-	-	-	-	-	-	53	36
16	<b>Sale of Shares</b> KJMC Corporate Advisors (India) Ltd KJMC Trading & Agency Ltd KJMC Shares and Securities Limited	- 7 -	- - -	- - -	- - -	- - -	- - -	- - -	2,185 - 3,395
17	<b>Purchase of Shares</b> KJMC Capital Market Services Ltd	-	-	-	-	-	-	-	3,420
18	<b>Service Received</b> KJMC Asset Management Company Ltd	570	-	-	-	-	-	-	-
19	<b>Service Rendered</b> KJMC Corporate Advisors (India) Ltd	-	-	-	-	-	-	-	344
20	<b>Reimbursement of Expenses Paid</b> KJMC Corporate Advisors (India) Ltd Pratham R Jain (Fees & Accomodation Charges)	- -	- -	- -	- -	- 1,366	- 2,952	28 -	- -
21	<b>Reimbursement of Expenses Received</b> KJMC Investment Trust Co. Ltd KJMC Asset Management Company Ltd	- -	1 1	- -	- -	- -	- -	- -	- -
22	<b>Net Receivables</b> Kartik Konar (Loan Against Salary) Prathmesh Enterprises Pvt Ltd	- -	- -	- -	- -	- -	- -	- 950	- 1,900

**Related Parties Transactions :**

Sr. No.	Nature of Transactions with related parties	Party where control exists		Associates		Key Management Personal & their Relatives		Enterprises over which key management personnel/ relatives are able to exercise significant influence	
		31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
23	<b>Net Payables</b>								
	KJMC Capital Market Services Ltd (Security Deposit)	-	-	-	-	-	-	10,000	10,000
	KJMC Platinum Builders Pvt Ltd (Loan)	-	-	-	-	-	-	6,000	7,330
	" KJMC Corporate Advisors (India) Ltd (Security Deposit) "	-	-	-	-	-	-	1,500	1,500
	KJMC Asset Management Company Ltd ( other )	513	-	-	-	-	-	-	-
	KJMC Asset Management Company Ltd ( Loan )	10,991	10,000	-	-	-	-	-	-
	KJMC Asset Management Company Ltd (Security Deposit)	10,000	10,000	-	-	-	-	-	-
24	<b>Balances in Investment in Associates</b>								
	KJMC Realty Private Limited	-	-	-	38	-	-	-	-
	KJMC Platinum Builders Private Limited	-	-	12,635	12,635	-	-	-	-
25	<b>Security and Corporate Guarantee given to Union Bank of India on behalf of KJMC Financial Services Limited by Puja Impex Pvt. Ltd.</b>	-	-	-	-	-	-	39,300	39,300

Managerial Remuneration is Calculated as per schedule V of the Companies Act, 2013

33. **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]**  
(₹ In '000's)

Particulars	As on 31.03.2019	
	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
<b>1 Loans and advances availed by the non- banking financial company inclusive of interest accrued thereon but not paid:</b>		
(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	16,991	-
(e) Commercial Paper	-	-
(f) Other Loans (specify nature)		
Secured Loans against office premises	12,873	-
Secured Loans against FD of Wholly owned Subsidiary	63,357	-
Secured Loans against Shares	24,546	-
<b>Asset Side :</b>		<b>Amount outstanding</b>
		<b>(₹ in 000's)</b>
<b>2 Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>		
(a) Secured		47,077
(b) Unsecured		10,948
<b>3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(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



5.	Borrower group-wise classification of assets financed as in (2) and (3) above :	Amount Net of Provisions		
		Secured	Unsecured	Total
	<b>Category</b>			
	1. Related Parties	-	-	-
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	950	950
	2. Other than related parties	47,077	9,998	57,075
6.	<b>Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted):</b>	<b>Market Value / Breakup or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>	
	1. Related Parties			
	(a) Subsidiaries	115,763		115,763
	(b) Companies in the same group	38,304		38,304
	(c) Other related parties	-		-
	2. Other than related parties	205,598		205,598
	<b>Total</b>	<b>359,665</b>		<b>359,665</b>
	<b>Other information</b>			
	<b>Particulars</b>	<b>Amount</b>		
	<b>Gross Non-Performing Assets</b>			
	(a) Related parties			-
	(b) Other than related parties			-
	<b>Non-Performing Assets</b>			
	(a) Related parties			-
	(b) Other than related parties			-
	Assets acquired in satisfaction of debt			-

- 34 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.
- 35 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  
ICAI Firm Registration No: 100186W

**Sachin A Negandhi**  
**Partner**  
Membership No. 112888  
Place : Mumbai  
Date: 22nd May 2019

**For and on behalf of the Board of Directors**  
**KJMC Financial Services Limited**

**Girish Jain**  
Director  
DIN: 00151673

**Rajnish Jain**  
Whole Time Director  
DIN: 00151988

**Pradeep Poddar**  
Chief Financial Officer  
Place : Mumbai  
Date: 22nd May 2019

**Kanak Lata Jain**  
Company Secretary

## **Annexure 6**

### **Independent Auditor's Report**

#### **To the members of M/s. KJMC Asset Management Company Ltd.**

##### **Report on the Audit of the Financial Statements**

We have audited the accompanying financial statements of M/s. KJMC Asset Management Company Ltd. ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the statement of Profit and loss and the Cash Flow Statement for the year ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at March 31, 2019, and profit and its cash flows for the year ended on that date.

##### **Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Responsibility of Management for Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

##### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

##### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

a) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

b) the Balance sheet, the statement of Profit, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

c) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

d) On the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and

f) With respect to the other matters to be included in the Auditor's Report in accordance with the Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:

i. The Company does not have any pending litigation which would impact its financial position.

ii. The Company did not have any long term contracts including derivatives contract for



which there were any material foreseeable losses.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company..

**For R V Luharuka & Co LLP**  
**Chartered Accountants**  
FRN No. 105662W / W100174

**Ramesh Luharuka**  
**Partner**  
Membership No: 031765

Place : Mumbai  
Dated: 16th May 2019

**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT**

[Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory requirements' of the Independent Auditors' Report to the members of M/s. KJMC Asset Management Company Ltd. on the financial statements for the year ended March 31, 2019]

- (i) The company does not have any fixed assets and hence the sub clauses (a), (b) and (c) of clause (i) of Paragraph 3 are not applicable.
- (ii) The Company does not have any inventory and hence the clause (ii) of Paragraph 3 of the said order, is not applicable.
- (iii) The company has granted unsecured loans to company covered in the register maintained under section 189 of the Companies Act, 2013; and with respect to the same:
- (a) In our opinion the terms and conditions of grant of such loans are not prima facia prejudicial to the company's interest.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and are regular in payment.
- (c) There is no overdue amount in respect of loans granted to such company.
- (iv) According to the information and explanations given to us, in respect of loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from public in terms of section 73 of the Companies Act, 2013. We are informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or Court or any other tribunal, hence clause (v) of Paragraph 3 is not applicable to the company.
- (vi) Central Government has not prescribed/ specified the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013, hence clause (vi) of Paragraph 3 is not applicable to the company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and any

other statutory dues with the appropriate authorities.

- (b) According to the information and explanations given to us, there are no dues of income-tax, service tax, wealth tax, which have not been deposited on account of any dispute.
- (viii) On the basis of our examination of books and records of the company and according to the information and explanation give to us, the company did not have any loans from Bank or Financial Institutions and also did not have any debentures outstanding during the year under the report. Hence clause (viii) of Paragraph 3 is not applicable.
- (ix) According to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans, hence clause (ix) of Paragraph 3 is not applicable.
- (x) According to the information and explanations given to us there is no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year, hence clause (x) of Paragraph 3 is not applicable.
- (xi) According to the information and explanations given to us managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) According to the information and explanations given to us, The company is not a Nidhi company; hence clause (xii) of Paragraph 3 is not applicable.
- (xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review; hence clause (xiv) of Paragraph 3 is not applicable.
- (xv) According to the information and explanations given to us the company has not entered into any non-cash transactions with directors or persons connected with him, hence clause (xv) of Paragraph 3 is not applicable.
- (xvi) According to the information and explanations given to us, The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For R V Luharuka & Co LLP**  
**Chartered Accountants**  
FRN No. 105662W / W100174

**Ramesh Luharuka**  
**Partner**  
Membership No: 031765

Place : Mumbai  
Dated: 16th May 2019

## **ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT**

### **Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s. KJMC Asset Management Company Ltd. ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For R V Luharuka & Co LLP**

##### **Chartered Accountants**

FRN No. 105662W / W100174

#### **Ramesh Luharuka**

##### **Partner**

Membership No: 031765

Place : Mumbai

Dated: 16th May 2019



**KJMC ASSET MANAGEMENT COMPANY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2019**  
**CIN No. U74140MH1998PLC220222**  
**₹ (in '000')**

PARTICULARS	NOTE NO.	As At	As At
		31.03.2019	31.03.2018
<b>(I) EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	2	102,500	102,500
(b) Reserves and Surplus	3	8,179	(1,417)
<b>Current Liabilities</b>			
Other Current Liabilities	4	356	85
<b>TOTAL</b>		<b>111,035</b>	<b>101,168</b>
<b>(II) ASSETS</b>			
<b>Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	5	1	1
(b) Long Term Loans and Advances	6	41,045	39,177
<b>Current Assets</b>			
(a) Current Investments	7	2,566	61,810
(b) Cash and Bank Balances	8	67,072	179
(c) Short Term Loans and Advances	9	351	1
<b>TOTAL</b>		<b>111,035</b>	<b>101,168</b>

Significant Accounting Policies and Notes to Accounts 1 to 21

The above notes are integral part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors  
KJMC Asset Management Co.Ltd.

**R V Luharuka & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No:105662W/W100174

**Ramesh Jain** Chairman  
DIN: 00960613  
**Rajesh Jain** Whole Time Director  
DIN: 00151988

**Ramesh Luharuka**  
Partner  
Membership No. 031765

**Pradeep Poddar** Chief Financial Officer  
Place : Mumbai  
Date : 16th May 2019  
**Akash Anchan** Company Secretary

Place : Mumbai  
Date : 16th May 2019

**KJMC ASSET MANAGEMENT COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE**  
**YEAR ENDED MARCH 31, 2019**  
**CIN No. U74140MH1998PLC220222**  
**₹ (in '000')**

PARTICULARS	NOTE NO.	For the year ended	For the year ended
		31.03.2019	31.03.2018
Revenue from Operations	10	6,130	129
Other Income	11	4,567	933
<b>Total Revenue</b>		<b>10,697</b>	<b>1,062</b>
<b>Expenses:</b>			
(a) Employee Benefits Expense	12	925	667
(b) Other Expenses	13	176	391
<b>Total Expenses</b>		<b>1,101</b>	<b>1,058</b>
<b>Profit before tax</b>		<b>9,596</b>	<b>4</b>
<b>Tax Expense:</b>			
(1) Current tax		1,829	1
(2) MAT Credit		(1,829)	-
(3) Prior period Taxes		-	(1)
		-	-
<b>Profit/(Loss) for the Year</b>		<b>9,596</b>	<b>4</b>
<b>Earnings per equity share:</b>			
(1) Basic		0.94	0.00
(2) Diluted		0.94	0.00

Significant Accounting Policies and Notes to Accounts 1 to 21

The above notes are integral part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors  
KJMC Asset Management Co.Ltd.

**R V Luharuka & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No:105662W/W100174

**Ramesh Jain** Chairman  
DIN: 00960613  
**Rajesh Jain** Whole Time Director  
DIN: 00151988

**Ramesh Luharuka**  
Partner  
Membership No. 031765

**Pradeep Poddar** Chief Financial Officer  
Place : Mumbai  
Date : 16th May 2019  
**Akash Anchan** Company Secretary

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019



**KJMC ASSET MANAGEMENT COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR**  
**ENDED MARCH 31, 2019**  
**CIN No. U74140MH1998PLC220222**  
₹ (in '000')

PARTICULARS	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Cash flow from Operating activities</b>		
Net Profit Before Tax & Extra Ordinary Items	9,596	4
Adjustment for:		
Interest income	-	-
Profit on sale of Investments	(6,130)	(130)
<b>Net cash flow before working capital Changes</b>	<b>3,466</b>	<b>(126)</b>
Adjustment for:		
(Increase)/Decrease in Loans and Advances	(1,868)	(9,026)
(Increase)/Decrease in Other current and non current assets	(350)	2
Increase/( Decrease) in Trade Payable and Other Liabilities	271	(75)
<b>(Increase)/ Decrease in Working Capital</b>	<b>(1,947)</b>	<b>(9,099)</b>
<b>Cash generated from Operations</b>	<b>1,519</b>	<b>(9,225)</b>
Direct Taxes Paid	-	(1)
<b>Cash Flow Before Extraordinary Items</b>	<b>1,519</b>	<b>(9,226)</b>
Extraordinary Items		
Prior Period Taxes		
<b>Cash flow from Operating activities</b>	<b>1,519</b>	<b>(9,226)</b>
<b>Cash flow from Investing activities</b>		
Interest received	-	-
Increase in Fixed deposit with maturity more than 3 Months	(67,000)	-
Purchase of Units	(1,970)	(650)
Sale of units	67,344	9,850
<b>Net cash flow from Investing activities</b>	<b>(1,626)</b>	<b>9,200</b>
<b>Cash from financing activities</b>		
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net cash flow</b>	<b>(107)</b>	<b>(26)</b>
<b>Cash and cash equivalent at the beginning of year *</b>	<b>179</b>	<b>205</b>
<b>Cash and cash equivalent at the end of year *</b>	<b>72</b>	<b>179</b>
<b>* Cash and Cash Equivalents comprise of :</b>		
Cash in hand	28	30
Balance in current account	44	149
	<b>72</b>	<b>179</b>

**Note:-**

Method as set out in Accounting Standard - 3 on Cash Flow Statements.

As per our report of even date attached For and on behalf of the Board of Directors  
KJMC Asset Management Co.Ltd.

**R V Luharuka & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No:105662W/W100174

**Ramesh Jain** Chairman  
DIN: 00960613

**Rajnesh Jain** Whole Time Director  
DIN: 00151988

**Ramesh Luharuka**  
Partner  
Membership No. 031765

**Pradeep Poddar** Chief Financial Officer  
Place : Mumbai  
Date : 16th May 2019

**Akash Anchan** Company Secretary  
Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019

**NOTES TO FINANCIAL STATEMENTS FOR THE ENDED MARCH 31, 2019.**

**Note - 1**

**SIGNIFICANT ACCOUNTING POLICIES :**

**a. Basis of preparation of financial statements**

The financial statements are prepared and presented under the historical cost convention, going concern and on the accrual basis of accounting and in accordance with the generally accepted accounting principles, adopted consistently by the company and comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of Companies Act, 2013.

**b. Accounting estimates**

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that 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/materialize.

**c. Fixed Assets and depreciation**

Fixed Assets are stated at cost of acquisition less accumulated depreciation. The Company capitalizes all cost relating to the acquisition and installation of fixed assets.

Depreciation is provided under the written down value method, at the rates and in the manner prescribed under schedule II of the Companies Act, 2013.

**d. Revenue Recognition**

Revenue is being recognized as and when there is reasonable certainty of its ultimate realization and in respect of:

Interest on time proportion basis taking into account the amount.

Dividend when right to receive the payment is established.

Investment Management and Advisory fees is accounted on accrual basis.

**e. Foreign Currency Transactions**

Transactions in foreign currencies are recorded at the rates 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 profit and loss account.

Realized exchange gain/loss on foreign transactions during the year is recognized in profit and loss account.



**f. Investments**

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

Non Current Investments : Non-Current Investments are valued at cost. For long term investments, provision for diminution in value is made wherever there is permanent decline in value of investment.

**g. Employee Benefits**

"Short Term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered."

**h. Segment Reporting**

Company has identified Asset Management and Investment Advisory Services as the only business segment.

**i. Taxes on Income**

Current Tax – Provision for current tax is made on the tax payable computed after considering tax allowances and exemptions using current tax rates in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax- Deferred Tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and tax laws enacted or substantially enacted as on the balance sheet date. Deferred Tax assets are recognized only to the extent that there is a reasonable certainty of realization, except as regards unabsorbed depreciation and business loss, where deferred tax assets are recognized only if there exists virtual certainty that the company will be able to realize the same.

Hence, no deferred tax assets have been recognised as a matter of prudence.

**j. Provisions, Contingent Liabilities and Contingent Assets**

Provision is made for present obligation arising out of past event.

k. "The Company does not have any vendor having status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made."

**i. Earnings per Share**

Basic Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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 Weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Particulars	(' in '000')	
	As at 31.03.2019	As at 31.03.2018
<b>Note - 2: Share Capital</b>		
<b>Authorised:</b>		
1,20,00,000 (1,20,00,000) Equity Shares of ₹ 10 each	120,000	120,000
<b>Issued and Subscribed Capital:</b>		
1,02,50,000 (1,02,50,000) Equity Shares of ₹ 10 each	102,500	102,500
<b>Paid up capital :</b>		
1,02,50,000 (1,02,50,000) Equity Shares of ₹ 10 each fully paid up	102,500	102,500

Reconciliation of Shares outstanding at the beginning and at the end of the year				
Equity Shares of ₹ 10 each	2018-19		2017-18	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the year	10,250,000	102,500	10,250,000	102,500
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	10,250,000	102,500	10,250,000	102,500

**Details of Shareholders holding more than 5% shares in the Company:**

Equity Shares of ₹ 10 each	As at 31.03.2019		As at 31.03.2018	
	No of Shares held	% of Holding	No of Shares	% of Holding
KJMC Financial Services Limited	10,250,000	100.00%	10,250,000	100.00%
(Equity shares held by Holding Company)				

(₹ in '000')

Particulars	(' in '000')	
	As At 31.03.2019	As At 31.03.2018
<b>Note 3 : Reserves and Surplus Surplus/(Deficit) in the statement of profit and loss</b>		
Balance brought forward from last year	(1,417)	(1,421)
Profit/ (Loss) for the year	7,307	4
<b>Amount available for appropriation</b>	5,890	(1,417)
Less : Appropriations		
Balance carried forward	5,890	(1,417)
<b>Total</b>	<b>5,890</b>	<b>(1,417)</b>
<b>Note 4 : Other Current Liabilities</b>		
Statutory Dues	-	-
Employees Dues	324	53
Others	32	32
<b>Total</b>	<b>356</b>	<b>85</b>

**Note 5 : Fixed Assets -Tangible**

(₹ in '000')

Description	Gross Block				Depreciation				Net Block	
	As on 01.04.2018	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 01.04.2018	Provided during the year	Deductions/ Adjustments during the year	As on 31.03.2019	As on 31.03.2019	As on 31.03.2018
Computers	51	-	-	51	50	-	-	50	1	1
<b>Total</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>51</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>1</b>	<b>1</b>
Previous Year	51	-	-	51	50	-	-	50	1	-

(₹ in '000')

Particulars	As at	
	31.03.2019	31.03.2018
<b>Note 6 : Long Term Loans and Advances (Unsecured, considered good)</b>		
Security Deposits to Related Parties	29,000	29,000
Loan to related Party	11,503	10,000
Advance Income Tax	616	253
Provision for Tax	(1,903)	(76)
MAT credit Entitlement	1,829	-
<b>Total</b>	<b>41,045</b>	<b>39,177</b>

Particulars	As At 31.03.2019		As At 31.03.2018	
	Qty (Nos)	Amount	Qty (Nos)	Amount
<b>Note 7 : Current Investments Non-Trade Investment in Mutual Funds</b>				
SBI Premier Liquid Fund	911	2,566	24,284	61,810
<b>TOTAL</b>	<b>911</b>	<b>2,566</b>	<b>24,284</b>	<b>61,810</b>
Aggregate amount of quoted Investment		<b>2,566</b>		<b>61,810</b>
Aggregate Market Value of quoted Investment		<b>2,657</b>		<b>65,945</b>
Aggregate amount of unquoted Investment		<b>NIL</b>		<b>NIL</b>
Aggregate provision for diminution in value of investments		<b>NIL</b>		<b>NIL</b>

(₹ in '000')

Particulars	As at	
	31.03.2019	31.03.2018
<b>Note 8 : Cash and Bank balances</b>		
Cash and Cash Equivalents		
Cash in Hand	28	30
Balance with Banks		
- In Current Accounts	44	149
In Fixed Deposit	67,000	-
	<b>67,072</b>	<b>179</b>
<b>Note 9 : Short Term Loans and Advances</b>		
Advances recoverable in cash or kind or for value to be received	351	1
Unsecured, considered good		
	<b>351</b>	<b>1</b>

(₹ in '000')

Particulars	FOR THE YEAR ENDED	
	31.03.2019	31.03.2018
<b>Note 10 : Revenue From Operation</b>		
Profit on sale of Investments	6,130	129
	<b>6,130</b>	<b>129</b>
<b>Note 11 : Other Income</b>		
Other	4,567	933
	<b>4,567</b>	<b>933</b>
<b>Note 12 : Employee Benefit Expense</b>		
Salaries and wages	893	649
Contribution to PF Admin Charges	7	6
Staff Welfare	25	12
	<b>925</b>	<b>667</b>
<b>Note 13 : Other Expenses</b>		
Sebi Fees for KJMC Mutual Fund	-	250
Auditors Remuneration	30	30
Professional Fees	52	32
Conveyance Expenses	41	28
Miscellaneous Expenses	53	51
	<b>176</b>	<b>391</b>
Auditors Remuneration		
As Statutory Auditor	25	25
For Taxation matters	-	-
For Other Services/Limited Review	-	-
For reimbursement of expenses/ Service Tax	5	5
	<b>30</b>	<b>30</b>

**KJMC Asset Management Co. Ltd.**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019.**

(Note Nos. : 14 to 21)

- 14 Contingent Liabilities not provided for in respect of :  
NIL (Previous Year : NIL)
- 15 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	31-03-2019	31-03-2018
(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

**16 Earning per share**

Particulars	As At	
	31.03.2019	31.03.2018
Net Profit/(Loss) after tax ( ₹ in '000)	7,307	4
Weighted average number of shares	10,250,000	10,250,000
Face value ( in ₹.)	10	10
Earning per share- Basic ( in ₹.)	0.71	0.00
Earning per share-Diluted ( in ₹.)	0.71	0.00

- 17 Earnings in Foreign Currency - ₹ Nil (₹ Nil).  
Expenditure in Foreign Currency - ₹ Nil (₹ Nil).

**18 Related Party disclosure under Accounting Standard 18**

**List of related parties**

**(i) Holding Company**

KJMC Financial Services Limited

**(ii) Other Parties**

**a) Fellow Subsidiary**

KJMC Investment Trust Company Limited

KJMC Trading & Agency Limited



**KJMC Asset Management Co.Ltd.**  
**NOTES FORMING PARTS OF ACCOUNTS (Contd.)**

**b) Key Management Personnel**

Rajnish Jain (Whole Time Director )  
Pradeep Poddar (CFO)

**c) Relatives of Whole Time Director .**

Inderchand Jain - Father  
Girish Jain - Brother  
Chanddevi Jain - Mother  
Shraddha Rajnish Jain - Wife

**d) Enterprises over which key management personnel/relatives are able to exercise significant influence**

KJMC Corporate Advisors (India) Ltd  
Prathamesh Enterprises Private Limited  
KJMC Capital Market Services Limited  
KJMC Platinum Builders Private Limited  
KJMC Credit Marketing Limited  
KJMC Realty Private Limited  
KJMC Commodities Market India Limited  
KJMC e.Business Ventures Private Limited  
KJMC Shares and Securities Limited  
KJ Golden Real Estate Private Limited  
Puja Trades & Investments Pvt Ltd  
KJ Diamond Real Estate Private Limited  
KJMC Investment Company  
AKIP Venture Private Limited

**Related Party Transactions :**

Sr. No	Nature of Transactions with related parties	Holding Company		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		2018-19	2017-18	2018-19	2017-18
1	<b>Deposit Repaid by Lessee</b>				
	Puja Trades & Investments Pvt Ltd	-	-	-	1,000
	KJMC Financial Services Ltd	-	-	-	-
2	<b>Interest Income</b>				
	KJMC Financial Services Ltd	1,200	930	-	-
3	<b>Loan Given</b>				
	KJMC Financial Services Ltd	-	10,000	-	-
4	<b>Reimbursement of Expenses paid</b>				
	KJMC Corporate Advisors (India) Ltd	-	-	3	-
	KJMC Financial Services Ltd	-	1	-	-
5	<b>Demat Charges</b>				
	KJMC Capital Market Services Ltd	-	-	1	15

Sr. No	Nature of Transactions with related parties	Holding Company		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		2018-19	2017-18	2018-19	2017-18
6	<b>Service Provided</b>				
	KJMC Financial Services Ltd	570	-	-	-
7	<b>Remuneration of Key Management Personnel</b>				
	Company Secretary	-	-	-	417
8	<b>Net Receivable</b>				
	KJMC Financial Services Ltd (Deposit)	10,000	10,000	-	-
	KJMC Financial Services Ltd	11,504	10,000	-	-
	Puja Trades & Investments Pvt Ltd	-	-	19,000	19,000

19 Business Segment: The Company has identified Asset Management & Investment Advisory Services as the only business Segment

20 The Company has surrendered the Mutual Fund registration certificate issued by SEBI vide email dated 28.03.2018.

21 Previous year figures have been regrouped or reclassified wherever necessary in order to make them comparable and shown in brackets.

Significant Accounting Policies and Notes to Accounts

1 to 21

The above notes are integral part of the financial statements

As per our report of even date attached

For and on behalf of the Board of Directors  
KJMC Asset Management Co.Ltd.

R V Luharuka & Co LLP

Chartered Accountants

ICAI Firm Registration No:105662W/W100174

Ramesh Jain  
Chairman  
DIN: 00960613

Rajnish Jain  
Whole Time Director  
DIN: 00151988

Ramesh Luharuka  
Partner  
Membership No. 031765

Pradeep Poddar  
Chief Financial  
Officer  
Akash Anchan  
Company Secretary

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019

## **Annexure 7**

### **Independent Auditor's Report**

#### **To the Members of KJMC Investment Trust Company Limited**

#### **Report on the Audit of Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **KJMC Investment Trust Company Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, and Statement of cash flows for the year then ended, and notes to financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, and its cash flows for the year ended on that date.

##### **Basis of Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including annexures thereto but does not include the financial statements and our auditor's report thereon. The Directors' Report including annexures thereto is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Directors' Report including annexures thereto, if we conclude that there is a material misstatement therein, we are required to communicate the

matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

##### **Responsibilities of the Management for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to 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 principles generally accepted in India, specified under Section 133 of the Act read with the rules made thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

##### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as



fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(l) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the

purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, in our opinion, the Company has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the no remuneration is paid by the Company to its directors during the year and hence the provisions of Section 197 of the Act are not applicable.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company does not have any long-term contracts for which there were any material foreseeable losses. The Company does not have any derivative contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Sachin A. Negandhi**  
**Partner**  
Membership No: 112888

**Place:** Mumbai  
**Date:** May 16, 2019

### **Annexure – A to the Auditor's Report**

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2019, of **KJMC Investment Trust Company Limited**)

- (i) In absence of fixed assets and inventories, clauses 3 (i) and (ii) of the Order are not applicable for the year.
- (ii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, provisions of clauses 3 (iii) (a), 3 (iii) (b) and 3 (iii) (c) of the Order are not applicable.
- (iii) As informed, the Company has not advanced any loans, made any investments, given any guarantees and securities. Accordingly, clause 3 (iv) of the Order is not applicable.
- (iv) The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, with regard to the deposits accepted from the public are not applicable.
- (v) We are informed that the Company is not required to maintain cost records under sub-section (1) of section 148 of the Companies Act, 2013, which has been relied upon.
- (vi) (a) During the year there were no employees in the employment of the Company. Accordingly, the directions relating to Provident Fund and Employee's State Insurance are not applicable to the Company. Further, based on our examination of the records maintained during the year, the Company is not liable to make any payments towards duty of customs and cess.  
The Company has been generally regular in depositing income tax, goods and services tax and other statutory dues applicable to it with the appropriate authority and there are no undisputed amounts payable there of which are outstanding, as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of income tax, goods and services tax and duty of customs which have not been deposited on account of any dispute.
- (vii) According to the information and explanations given to us, the Company has not taken any money from any financial institution, bank, Government or debenture holder, and hence clause 3 (viii) of the Order is not applicable to the Company.
- (viii) The Company has not raised any money by way of

initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.

- (ix) According to the information and explanations furnished by the management, which have been relied upon by us, there were no frauds by the Company or on the Company by any of its officers or employees noticed or reported during the course of our audit.
- (x) In absence of any managerial personnel, no managerial remuneration is paid and accordingly the provisions of clause 3 (xi) of the Order are not applicable to the Company.
- (xi) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiii) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xiv) According to the information and explanations given to us, pursuant to the provisions of section 192 of the Companies Act, 2013, the Company has not entered into any non-cash transactions with directors or persons connected with him/her.
- (xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

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

**Sachin A. Negandhi**  
**Partner**  
Membership No: 112888

Place: Mumbai  
Date: May 16, 2019



**KJMC INVESTMENT TRUST COMPANY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2019**  
**CIN No. U74899MH1998PLC213839**

(₹ in '000')

PARTICULARS	NOTE NO.	As At 31.03.2019	As At 31.03.2018
<b>(I) EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
(a) Share capital	2	1,500	1,500
(b) Reserves and surplus	3	3	(34)
<b>Non-Current Liabilities</b>			
Other Long term liabilities	4	247	247
<b>Current Liabilities</b>			
(a) Trade Payables			
(A) Micro & Small Enterprises		-	-
(B) Others		-	-
(b) Other Current Liabilities	5	13	12
<b>TOTAL</b>		<b>1,763</b>	<b>1,725</b>
<b>(II) ASSETS</b>			
<b>Non-Current Assets</b>			
Long-Term Loans and Advances	6	57	48
<b>Current Assets</b>			
(a) Current Investment	7	170	170
(b) Cash and bank balances	8	1,529	1,500
(c) Other current assets	9	7	7
<b>TOTAL</b>		<b>1,763</b>	<b>1,725</b>

Significant Accounting Policies and Notes to Accounts 1 to 21

The above notes are integral part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors  
KJMC Investment Trust Co Ltd

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

Sachin A Negandhi  
Partner  
Membership No. 112888

I.C.Jain Chairman  
DIN: 00178901  
Anil Sampat Director  
DIN: 06735051

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019

**KJMC INVESTMENT TRUST COMPANY LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR**  
**ENDED MARCH 31, 2019**  
**CIN No. U74899MH1998PLC213839**

(₹ in '000')

PARTICULARS	NOTE NO.	For the year ended 31.03.2019	For the year ended 31.03.2018
Revenue from operations	10	-	-
Other Income	11	97	96
<b>Total Revenue</b>		<b>97</b>	<b>96</b>
Expenses:			
Other expenses	12	61	68
<b>Total Expenses</b>		<b>61</b>	<b>68</b>
<b>Profit before tax</b>		<b>36</b>	<b>28</b>
Tax Expense:			
(1) Current Tax		7	5
(2) MAT Credit		(8)	3
(3) Income Tax Earlier Years		0	0
		<b>(1)</b>	<b>8</b>
<b>Profit/(Loss) for the year</b>		<b>37</b>	<b>20</b>
Earnings per equity share:			
(1) Basic		0.25	0.14
(2) Diluted		0.25	0.14

Significant Accounting Policies and Notes to Accounts 1 to 21

The above notes are integral part of the financial statements

As per our report of even date attached For and on behalf of the Board of Directors  
KJMC Investment Trust Co Ltd

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

Sachin A Negandhi  
Partner  
Membership No. 112888

I.C.Jain Chairman  
DIN: 00178901  
Anil Sampat Director  
DIN: 06735051

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019



**KJMC INVESTMENT TRUST COMPANY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED**  
**MARCH 31, 2019**

CIN No. U74899MH1998PLC213839

(₹ in '000')

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH, 31 2019**

**Company Overview:**

KJMC Investment Trust Company Limited is a company of the KJMC Group domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in providing trust services.

**Note No. : 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 notified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of Companies Act 2013.

**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 that 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/materialize.

**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. 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.

PARTICULARS	For the year ended 31.03.2019	For the year ended 31.03.2018
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit Before Tax and Extraordinary Items</b>	36	28
Adjustment for:		
Profit on sale of Investments	-	-
Interest Income	(97)	(97)
<b>Operating Profit Before Working Capital Changes</b>	<b>(61)</b>	<b>(69)</b>
<b>Changes in Working Capital :</b>		
(Increase)/Decrease in Other current and non current assets	(10)	(9)
Increase/( Decrease) in Trade Payable and Other Liabilities	1	-
Add : Refund received	2	4
<b>Net cash flow from operating activities</b>	<b>(68)</b>	<b>(74)</b>
<b>Cash Flow from Investment Activities</b>		
Interest Income	97	97
Inflow from Fixed Deposits Maturity	-	-
Purchase of Investments	-	-
Sale of Investments	-	-
<b>Net cash flow from Investing activities</b>	<b>97</b>	<b>97</b>
<b>Cash Flow From Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>29</b>	<b>23</b>
Cash and cash equivalent at the beginning of year *	1,500	1,477
<b>Cash and cash equivalent at the end of year *</b>	<b>1,529</b>	<b>1,500</b>
<b>* Cash and Cash Equivalents comprise of :</b>		
Cash in Hand	-	1
Balance with Banks	129	99
In Deposit Accounts with Less than 12 months'	1,400	1,400
<b>Total</b>	<b>1,529</b>	<b>1,500</b>

**Note:-**

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements.

For and on behalf of the Board of Directors  
KJMC Investment Trust Co Ltd

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

Sachin A Negandhi  
Partner  
Membership No. 112888

I.C.Jain  
Chairman  
DIN: 00178901

Anil Sampat  
Director  
DIN: 06735051

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019



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.

**e. 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. Interest on Fixed Deposits is recognized on accrual basis.

**Dividend:**

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

**f. 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.

**g. Stock in Trade:**

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

**h. 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.

**i. 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	As at
	31.03.2019	31.03.2018
<b>Note - 2: Share Capital</b>		
<b>Authorised:</b>		
Amount of Shares:		
150,000(Previous Year: 150,000)		
Equity Shares of ₹ 10/- each	1,500	1,500
		-
<b>Issued and Subscribed :</b>		
150,000(Previous Year: 150,000)		
Equity Shares of ₹ 10/- each	1,500	1,500
	<b>1,500</b>	<b>1,500</b>
<b>Paid up:</b>		
150,000(Previous Year: 150,000)		
Equity Shares of ₹10/- each fully paid up	1,500	1,500
	<b>1,500</b>	<b>1,500</b>

**Additional Information**

(₹ in '000')

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

Particulars	Equity Shares			
	2018-19		2017-18	
	No of Shares	Amount	No of Shares	Amount
Shares outstanding at the beginning of the year	150,000	1,500	150,000	1,500
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	<b>150,000</b>	<b>1,500</b>	<b>150,000</b>	<b>1,500</b>

**(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 Share of ₹10 each	As At 31 March 2019		As At 31 March 2019	
	No of Shares held	% of Holding	No of Shares held	% of Holding
KJMC Financial Services Limited (Equity shares held by Holding Company)	150,000	100%	150,000	100%

(₹ in '000')

Particulars	As At	As At
	31.03.2019	31.03.2018
<b>Note 3 : Reserves and Surplus</b>		
<b>Surplus/(Deficit) in the statement of profit and loss</b>		
Balance brought forward from last year	(34)	(54)
Profit for the year	37	20
<b>Amount available for appropriation</b>	<b>3</b>	<b>(34)</b>
<b>Less : Appropriations</b>		
<b>Balance carried forward</b>	<b>3</b>	<b>(34)</b>
<b>Total</b>	<b>3</b>	<b>(34)</b>

(₹ in '000')

Particulars	As At 31.03.2019	As At 31.03.2018
<b>Note 4 : Other Long Term Liabilities</b>		
<b>Deposits (Unsecured)</b>		
KJMC Mutual Fund	247	247
	<b>247</b>	<b>247</b>
<b>Note 5 : Other Current Liabilities</b>		
Statutory Dues	-	-
Other s	13	12
	<b>13</b>	<b>12</b>

(₹ in '000')

Particulars	As At 31.03.2019	As At 31.03.2018
<b>Note 6: Long-Term Loans and Advances</b>		
Advance Income Tax	33	31
Less: Provision for Income Tax	(7)	(6)
MAT Credit Entitlement	31	23
	<b>57</b>	<b>48</b>

(₹ in '000')

Particulars	As At 31.03.2019		As At 31.03. 2018	
	Qty (Nos)	Amount	Qty (Nos)	Amount
<b>Note 7 : Current Investments</b>				
<b>Non- Trade</b>				
<b>Investment in Mutual funds</b>				
HDFC - Liquid Growth Fund (Face Value ` 1000 each)	56.577	170	56.577	170
		170		170
Aggregate amount of quoted Investment		170		170
Aggregate Market Value of quoted Investment		207		193
Aggregate amount of unquoted Investment		NIL		NIL
Aggregate provision for diminution in value of investments		NIL		NIL

(₹ in '000')

Particulars	As At 31.03.2019	As At 31.03.2018
<b>Note 8 : Cash and Bank Balances</b>		
Cash and Cash Equivalents		
Cash in Hand	0	1
Balance with Banks		
- In Current Accounts	129	99
In Deposit Accounts with Less than 12 months'	1,400	1,400
	<b>1,529</b>	<b>1,500</b>
<b>Note 9 - Other Current Assets</b>		
Others		
Accured Interest	7	7
	<b>7</b>	<b>7</b>

(₹ in '000')

Particulars	FOR THE YEAR ENDED	
	31.03.2019	31.03.2018
<b>Note 10 - Revenue From Operation</b>		
Profit on Sale of Investments	-	-
	-	-
<b>Note 11 - Other Income</b>		
Interest Income	97	96
Other	0	0
	<b>97</b>	<b>96</b>
<b>Note 12 - Other Expenses</b>		
Auditors Remuneration (for break up refer below)	12	12
Professional Fees	17	4
Conveyance Expenses	24	41
Miscellaneous Expenses	8	11
	<b>61</b>	<b>68</b>
Auditors Remuneration As Statutory Auditor	10	10
For reimbursement of expenses/Service Tax	2	2
	<b>12</b>	<b>12</b>

13. Contingent Liabilities not provided for in respect of:  
NIL (Previous Year: NIL)

14. 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:

(₹ in '000')

Sr. No	Particulars	March 31, 2019	March 31, 2018
(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.

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

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

16. Earnings Per Share:

Particulars	FOR THE YEAR ENDED 31.03.2019	FOR THE YEAR ENDED 31.03.2018
Net Profit/(Loss) for calculation of EPS (₹ in '000)	37	20
The weighted average Number of Equity Share (Nos.)	150,000	150,000
Face Value (₹)	10	10
Earnings Per Share (Basic)	0.24	0.14
Earnings Per Share (Diluted)	0.24	0.14

17. **Related party disclosures under Accounting Standard 18**

**List of related parties**

1) **Holding Company**

KJMC Financial Services Limited

**2) Fellow Subsidiary**

KJMC Asset Management Company Limited

KJMC Trading & Agency Ltd

**3) Other parties :**

**a) Key Management Personnel**

Inderchand Jain

**b) Relatives of Whole Time Director**

Rajnesh Jain

Girish Jain

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

KJMC Corporate Advisors (India) Ltd

KJMC Capital Market Services Limited

KJMC Credit Marketing Limited

KJMC Commodities Market India Limited

KJMC Shares and Securities Limited

Puja Trades & Investments Pvt Ltd

KJMC Investment Company

Prathamesh Enterprises Private Limited

KJMC Platinum Builders Private Limited

KJMC Realty Private Limited

KJMC e.Business Ventures Private limited

KJ Golden Real Estate Private Limited

KJ Diamond Real Estate Private Limited

AKIP Venture Private Limited

KJMC Mutual Fund

18. The Company does not have any employees during the year.

19. The Board of Directors of the Company at its meeting held on January 23, 2019 has subject to the approval of the National Company Law Tribunal (NCLT) and other statutory authorities, considered and approved the proposed Scheme of Amalgamation ("Scheme") under Section 230 and 232 and other applicable provisions of the Companies Act, 2013 between the company and KJMC Financial Services Limited, in terms of which the Company will get merge with KJMC Financial Services Ltd on going concern basis with effect from April 1, 2018 (Appointed date). The Company is a wholly owned subsidiary of KJMC Financial Services Ltd. Pending approval of the NCLT and other statutory authorities, no effect of the proposed Scheme has been given in the financial statements of the company for the financial year ended March 31, 2019.

20. The management has identified the Company's operations with a single business segment of providing trust services. All the assets of the Company are located in India.

21. 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

As per our report of even date attached

For and on behalf of the Board of Directors  
KJMC Investment Trust Co Ltd

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

Sachin A Negandhi  
Partner  
Membership No. 112888

I.C.Jain                      Anil Sampat  
Chairman                     Director  
DIN: 00178901             DIN: 06735051

Place : Mumbai  
Date : 16th May 2019

Place : Mumbai  
Date : 16th May 2019

**Transactions with related parties during the year:**

(₹ in '000')

Sr. No	Nature of transactions with related parties	Holding Company		Enterprises over which key management personnel/relatives are able to exercise significant influence	
		2018-19	2017-18	2018-19	2017-18
1	Reimbursement of Expenses Paid				
	KJMC Financial Services Ltd	-	2	-	-
2	Net Payables				
	KJMC Mutual Fund	-	-	247	247

## KJMC FINANCIAL SERVICES LIMITED

**Registered Office:** 162, Atlanta, 16th Floor, Nariman Point, Mumbai – 400 021.  
 Tel. No : +91-022 - 40945500  
 Fax No. : +91-022 -22852892  
 CIN : L65100MH1988PLC047873  
 E-mail : [cosec@kjmc.com](mailto:cosec@kjmc.com)

### BEFORE THE NATIONAL COMPANY LAW TRIBUNAL BENCH, AT MUMBAI

CSA No. 1438 of 2019  
 In the matter of application under Sections 230 to 232 of the Companies Act, 2013;

AND

In the matter of KJMC Asset Management Company Limited, a company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of KJMC Investment Trust Company Limited, a Company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of KJMC Financial Services Limited, a Company incorporated under the provisions of the Companies Act, 1956

AND

In the matter of Scheme of Amalgamation of KJMC Asset Management Company Limited ('the First Transferor Company') and KJMC Investment Trust Company Limited ('the Second Transferor Company') with KJMC Financial Services Limited ('the Transferee Company') and their respective shareholders

KJMC Financial Services Limited, a Company incorporated )  
 under the Companies Act, 1956, having its registered office )  
 at 162, Atlanta, Nariman Point, Mumbai – 400 021 )

Email-id [cosec@kjmc.com](mailto:cosec@kjmc.com) )

).. the Applicant / Transferee Company

**FORM OF PROXY**

**(As per Form MGT -11 and Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)**

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No.	

I/We, being the member(s) holding \_\_\_\_\_ shares of KJMC Financial Services Limited, hereby appoint:

- 1) Name .....  
Address.....  
.....  
E-Mail ID..... Signature ..... or failing him/her;
- 2) Name .....  
Address.....  
.....  
E-Mail ID..... Signature ..... or failing him/her;
- 3) Name .....  
Address.....  
.....  
E-Mail ID..... Signature .....

as my/our proxy to act for me/us at the meeting of the Equity shareholders of the applicant company to be held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400 021 on Monday, 30th day of September, 2019 at 1.30 p.m. (1330 hours) for the purpose of considering and, if though fit, approving with or without modification(s), the arrangement embodied in the Scheme of amalgamation between KJMC Asset Management Company Limited, the First Transferor Company and KJMC Investment Trust Company Limited, the Second Transferor Company with KJMC Financial Services Limited, the Transferee Company and their respective shareholders (“the Scheme”) and at such meeting and at any adjournment or adjournments thereof to vote, for me/us and in my /our name(s) ----- (here, if, for, insert 'FOR', if against, insert 'AGAINST' and in the later case, strike out the words below after 'the Scheme') the said arrangement embodied in the Scheme, either with or without modification (s)\*as my / our proxy may approve. (\*strike out whatever is not applicable)

Signed this ----- day of \_\_\_\_\_ 2019

Affix Revenue stamp of  
Re.1/-

Signature of Shareholder (s) -----

Signature of Proxy Holder (s) -----

(signature across the stamp)

**Notes:**

- (1) This form of proxy must be deposited at the registered office of KJMC Financial Services Limited at, 162, Atlanta, Nariman Point, Mumbai - 400 021 at least 48 hours before the commencement of this said Meeting.
- (2) All alterations made in the form of proxy should be initialed.
- (3) Please affix appropriate revenue stamp before putting signature
- (4) In case of multiple proxies, the proxy later in time shall be accepted.
- (5) A proxy need not be a shareholder of KJMC Financial Services Limited.
- (6) No person shall be appointed as a proxy who is a minor
- (7) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting results. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (8) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.



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## KJMC FINANCIAL SERVICES LIMITED

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

Tel. No : +91-022 - 40945500  
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### ATTENDANCE SLIP

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL  
 MEETING OF THE EQUITY SHAREHOLDERS ON MONDAY THE 30TH DAY OF SEPTEMBER 2019 AT 1.30 P. M.**

I /We hereby record my/ our presence at the Meeting of the Equity shareholders of KJMC Financial Services Limited, the Applicant Company, convened pursuant to the Order dated 26th day of August, 2019 of the NCLT at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point Mumbai – 400021 on Monday, the 30th day of September, 2019 at 1.30 p.m. (13.30 hours)

Name and address of Equity Shareholder

(IN BLOCK LETTER) : .....

.....

Signature : .....

Reg. Folio No. : .....

No of Shares : .....

Name of the Proxy \* : .....

(IN BLOCK LETTERS) : .....

Signature : .....

\*(To be filled in by the proxy in case he /she attend instead of the shareholder)

**Notes:**

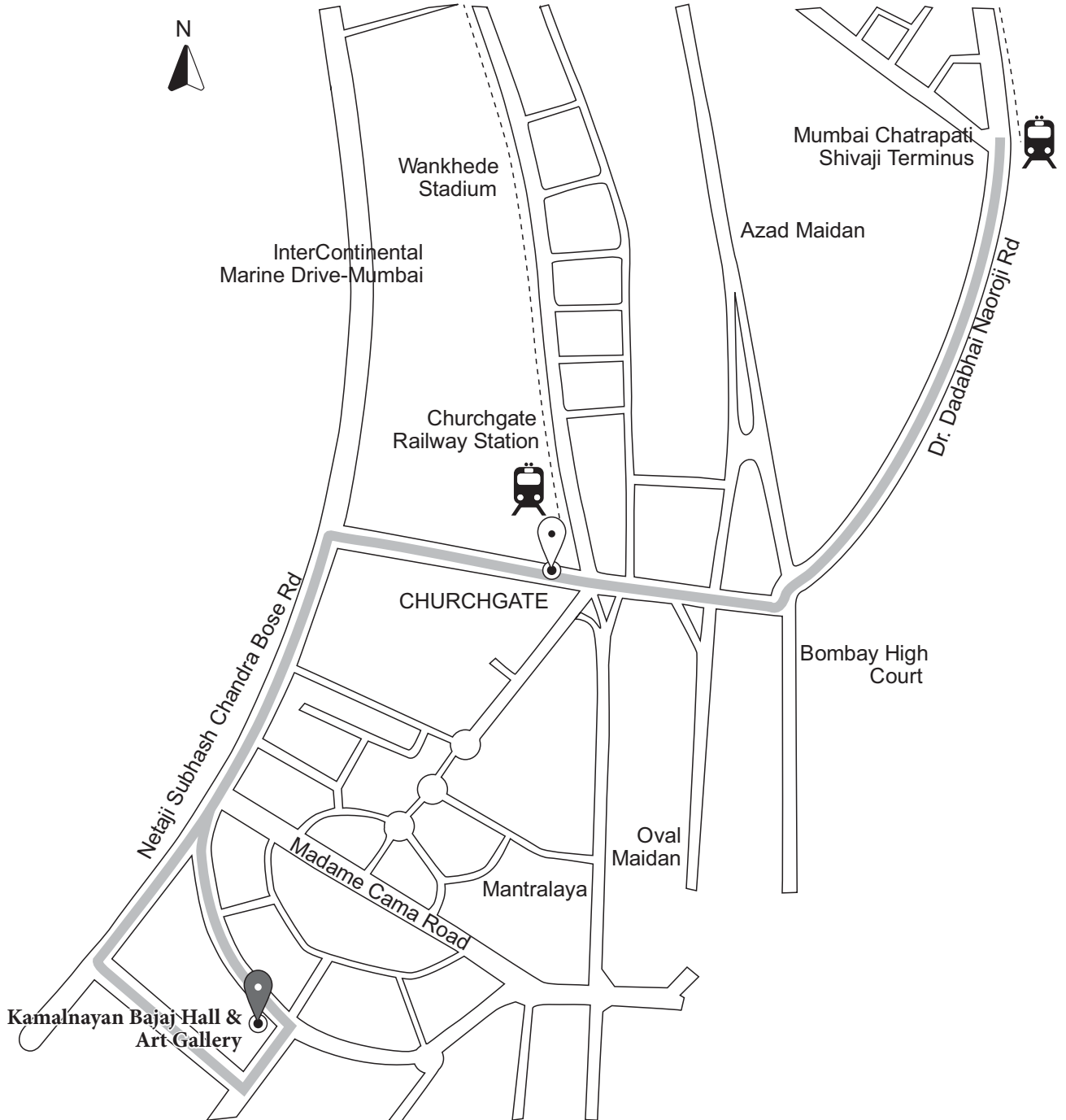
1. Equity shareholders attending the meeting in person or by proxy or through authorized representatives are requested to complete and bring the Attendance slip with them and hand it over at the entrance of the meeting hall.
2. Equity shareholders who come to attend the meeting are requested to bring their copy of the Scheme with them.
3. Equity shareholders are informed that in case of joint holders attending the meeting, only such joint holders whose name stands first in the Register of Members of KJMC Financial Services Limited in respect of such joint holding will be entitled to vote.







# ROUTE MAP



**Venue:**

Kamalnayan Bajaj Hall,  
Bajaj Bhavan, Jamnalal Bajaj Marg,  
Nariman Point,  
Mumbai - 400 021

