
19th Annual Report 2003-04

BOARD OF DIRECTORS

Mr. Nimesh N. Kampani — Chairman

Mr. Arunkumar R. Gandhi (Resigned vide letter dated 30-03-04)

Mr. M. R. Mondkar

Mr. Ashith N. Kampani

Mr. Anant V. Setalvad (From May 10, 2004)

Mr. E. A. Kshirsagar (From May 28, 2004)

REGISTERED OFFICE

141, Maker Chambers - III,
Nariman Point,
Mumbai-400 021.

SOLICITORS

M/s. Udwadia & Udeshi (Regd.),
Mumbai.

BANKERS

HDFC Bank Ltd.
Tulsiani Chambers,
Nariman Point,
Mumbai-400 021.

REGISTRARS AND SHARE TRANSFER AGENTS

M/s. Sharepro Services
Satam Estate, 3rd Floor,
Above Bank of Baroda,
Chakala, Andheri (East),
Mumbai - 400 099.

AUDITORS

M/s. Khimji Kunverji & Co.,
Chartered Accountants,
Mumbai.



J. M. Share & Stock Brokers Ltd.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF J. M. SHARE & STOCK BROKERS LIMITED WILL BE HELD ON MONDAY, AUGUST 2, 2004 AT 3.30 P.M. AT KAMALNAYAN BAJAJ HALL, BAJAJ BHAVAN, GROUND FLOOR, NARIMAN POINT, MUMBAI - 400 021 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended March 31, 2004, the Balance Sheet as at that date and the reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Ashith N Kampani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the Statutory Auditors and authorise the Board to fix their remunerations.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification(s), the following resolution.

5. As an Ordinary Resolution:
“**RESOLVED THAT** Mr. E A Kshirsagar be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. As a Special Resolution:
“**RESOLVED THAT** pursuant to Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the consent of the Company be and is hereby accorded for changing the name of the

Company from ‘J. M. Share & Stock Brokers Limited’ to ‘JM Financial Limited’ AND THAT the new name of the Company shall be effective from the date of issue of certificate of incorporation by the Registrar of Companies, Maharashtra.”

“**RESOLVED FURTHER THAT** the name of the Company wherever appearing in the Memorandum and Articles of Association, books, records, documents, registers, letter-heads and sign boards of the Company be substituted by the new name, viz., ‘JM Financial Limited’ upon the approval of the Central Government.”

“**RESOLVED FURTHER THAT** the Board of Directors (“the Board”) of the Company or any other person or persons authorized by the Board in that behalf be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary for the purpose of effecting the change in the name of the Company.”

7. As an Ordinary Resolution:

“**RESOLVED THAT** in supersession of the resolution passed at the Extra Ordinary General Meeting of the Company held on March, 11, 1994, the consent of the Company be and is hereby accorded under Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company for borrowing from time to time, as they may think fit, any sum or sums of monies, notwithstanding that the monies so borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose PROVIDED HOWEVER THAT the aggregate of the

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monies so borrowed shall not at any time exceed Rs.500 crore (Rupees Five Hundred Crore Only).”

By Order of the Board

NIMESH N KAMPANI
Chairman

Date: May 28, 2004

Registered Office:
141, Maker Chambers III,
Nariman Point,
Mumbai 400 021

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. The Register of Members of the Company will remain closed from Friday, July 23, 2004 to Monday, August 2, 2004 (both days inclusive).
- c. Members while corresponding with the Company or its Registrars & Share Transfer Agents viz., M/s Sharepro Services, are requested to quote their respective Folio Nos./Client IDs.

ANNEXURE TO NOTICE

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

In respect of Item No. 5

Mr. E A Kshirsagar was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on May 28, 2004. In accordance with the provisions of Section 260 of the Companies Act, 1956 read with Article 117 of the Articles of Association of the Company, he holds office of director up to the date of the ensuing Annual General Meeting. It is proposed to appoint Mr. Kshirsagar as a director of the Company liable to retire by rotation at the forthcoming Annual General Meeting. The Company has received a notice proposing his candidature as a director from one of the members along with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956.

Mr. Kshirsagar is an eminent Chartered Accountant and has been associated with A. F. Ferguson, Mumbai, Management Consultancy Division since over three decades. He was Director-in-charge until his retirement this year. He has specialized in the areas of Corporate Strategy and Structure, Disinvestments, Feasibility studies for variety of industries and impact of legislations on business. Your Directors feel that it would be in the best interest of the Company to have Mr. Kshirsagar on its Board and accordingly recommend passing of the resolution at Item No. 5 of the accompanying Notice.

Except Mr. E A Kshirsagar, no other Director is concerned or interested in the resolution.

In respect of Item No. 6

As the members are aware, the Company had ceased to carry on the business as a trading member of The Stock Exchange, Mumbai (BSE) and the National Stock Exchange



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of India Ltd. (NSE) consequent upon the sale/transfer of the Membership Rights of the BSE and NSE in the year 1999. Since then, the Company has been engaged in the securities business activities.

Further, it is proposed by the Board to surrender the dealer membership of the OTC Exchange of India. With this, the Company will no longer have any direct share and stock broking activities under its fold. It is also proposed to alter the main object clause of the Memorandum of Association of the Company so as to cover all the financial and related activities. To reflect this shift in the business activities, it is proposed to change the name of the Company from 'J. M. Share & Stock Brokers Ltd.' to 'JM Financial Ltd.' The Registrar of Companies (ROC), Maharashtra, vide his letter dated May 26, 2004, has made the said new name available to the Company. The said change in the name is subject to the approval of the Central Government as specified in Section 21 of the Companies Act, 1956.

Your Directors recommend passing of the resolution proposed at Item No. 6 of the accompanying Notice.

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

In respect of Item No. 7

At the Extra Ordinary General Meeting of the Company held on March 11, 1994, the Members had accorded their consent under Section 293(1)(d) of the Companies Act,

1956 to the Board of Directors to borrow monies for an amount aggregating up to Rs. 150 crore.

Having regard to the proposal seeking the Members' approval to make loans and investments up to Rs. 500 crore, your Directors are of the view that the limit of aggregate borrowing be similarly raised from Rs.150 crore to Rs. 500 crore. The use of the increased borrowing limit would be made depending upon the business exigencies and in accordance with sound financial policies. The resolution at item no. 7 of the accompanying notice is of an enabling nature and consent of the Members thereto is being sought pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956.

Your Directors recommend passing of the resolution proposed at Item No.7 of the accompanying Notice.

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

By Order of the Board

NIMESH N KAMPANI
Chairman

Date: May 28, 2004

Registered Office:
141, Maker Chambers III,
Nariman Point,
Mumbai-400 021

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Nineteenth Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2004.

FINANCIAL HIGHLIGHTS

	For the year ended	
	March 31, 2004 (Rs. in Lacs)	March 31, 2003 (Rs. in Lacs)
Gross Income	428.83	77.93
Profit before Interest, Depreciation, Diminution in value of Investment and Tax	402.09	51.29
Interest	—	0.81
Gross Profit after Interest	402.09	50.48
Depreciation	1.77	1.77
Provision for diminution in value of Investments	140.00	45.00
Profit before Tax	260.32	3.70
Provision for current Tax	—	0.30
Provision for Deferred Tax	(0.64)	0.24
Short provision for tax of earlier years (Net)	—	0.36
Profit after Tax	260.96	2.80
Balance Profit brought forward from previous year	178.73	301.33
Write back of excess provision for Dividend of earlier years	—	1.48
Profit available for Appropriation	439.69	305.61

For the year ended
March 31, 2004 March 31, 2003
(Rs. in Lacs) (Rs. in Lacs)

APPROPRIATIONS

Proposed Dividend (Subject to dividend tax)	179.97	112.47
Dividend Tax	23.06	14.41
General Reserve	20.00	—
Balance Carried to Balance Sheet	216.66	178.73
	439.69	305.61

DIVIDEND:

Your Directors are pleased to recommend a dividend of 16% (Rs. 1.60 per share) (Previous year 10% - subject to dividend tax) for the year ended March 31, 2004. The dividend, if declared, by the members at the ensuing Annual General Meeting, will be paid on or after August 5, 2004. The payment of dividend together with tax thereon will absorb Rs. 203.03 lacs.

FINANCIAL HIGHLIGHTS:

Your Company has earned a higher Gross Income of Rs. 428.83 lacs during the year under review as against Rs. 77.93 lacs earned in the previous year. After accounting for expenses of Rs. 26.74 lacs (Previous year - Rs. 26.65 lacs), the profit before interest and depreciation and other provisions is Rs. 402.09 lacs as against Rs. 51.29 lacs in the previous year. The profit before tax of the Company is Rs. 260.31 lacs as against Rs. 2.80 lacs in the previous year. The higher income is attributable to the higher dividend income earned by the Company during the year under review.

DELISTING OF SHARES

Your Company has received the approval from The Stock Exchange, Ahmedabad (ASE) and The Delhi Stock



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Exchange Association Limited (DSE) to delist its Equity Shares with effect from December 8, 2003 and December 10, 2003 respectively.

CHANGE OF NAME:

It is proposed to change the name of your Company from 'J. M. Share & Stock Brokers Ltd.' to 'JM Financial Ltd.' subject to necessary approvals. The Registrar of Companies (ROC), Maharashtra, vide his letter dated May 26, 2004, has made the proposed new name available to the Company. The said change in the name is subject to the approval of the Central Government pursuant to Section 21 of the Companies Act, 1956.

FIXED DEPOSITS:

Your Company has not accepted any deposits from shareholders/public during the year under review.

COMPLIANCE CERTIFICATE FROM THE AUDITORS:

Your Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 (VIII) of the Listing Agreement, which along with the Corporate Governance Report is set out as an annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of your Company confirms that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- they have prepared the annual accounts on a going concern basis.

DIRECTORS:

In accordance with Article 130 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, Mr. Ashith Kampani, a director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. Accordingly an ordinary resolution reappointing him as a director of the Company form part of the Notice convening the ensuing Annual General Meeting.

The Board of Directors of your Company, at its meeting held on May 10, 2004, appointed Mr. Anant V. Setalvad as a Director of the Company, to fill the Casual Vacancy caused by the resignation of Mr. Arunkumar R Gandhi. Mr. Arunkumar R. Gandhi, vide letter dated March 30, 2004, tendered his resignation from the directorship of the Company. The Board placed on record its sincere appreciation for the valuable contribution made by Mr. Gandhi during his tenure as a director of the Company.

Further, Mr. E A Kshirsagar joined the Board as an Additional Director of the Company effective from May 28, 2004. Mr. Kshirsagar holds the office of Director up to the date of the ensuing Annual General Meeting. A notice has been received pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Kshirsagar as a Director of the Company and an ordinary resolution recommending his appointment as a Director liable to retire by rotation forms part of the Notice convening the Nineteenth Annual General Meeting.

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PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The particulars as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 on Conservation of Energy and Technology Absorption are not applicable to your Company. Your Company has neither earned nor spent any amount in foreign exchange during the year under review.

AUDITORS:

The retiring Auditors namely, M/s. Khimji Kunverji & Co, Chartered Accountants, Mumbai, hold office until the conclusion of the ensuing Annual General Meeting and are seeking their re-appointment. Members are requested to consider their appointment and authorise the Board to fix their remuneration for the year 2004-05.

PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder is

not required to be furnished as your Company did not have any employee during the year under review.

ACKNOWLEDGEMENT:

Your Directors wish to thank the shareholders for their continued support and confidence reposed by them in the Company.

On Behalf of the Board of Directors

NIMESH N KAMPANI
Chairman

Date: May 28, 2004

Registered Office:
141, Maker Chambers - III,
Nariman Point,
Mumbai 400 021



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REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2003-04

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors of your Company is extremely conscious about the need of good Corporate Governance and has accordingly adopted the best practices and procedures to achieve the same. The Board follows the principles of full transparency and accountability, thereby making efforts to protect the interests of the Shareholders of the Company.

The Directors consider themselves as trustees of the Shareholders and acknowledge their responsibilities to them. The Directors strive to create and safeguard the wealth of the Shareholders. During the Financial Year 2003-04, your Company has duly complied with the requirements of guidelines pertaining to the Corporate Governance as stipulated under the Listing Agreement executed with The Stock Exchange, Mumbai (BSE).

II BOARD OF DIRECTORS

a. Composition of the Board:

The Board is headed by the Non-Executive Chairman, Mr. Nimesh N Kampani, and four other Directors. Out of five Directors, four Directors are independent. Hence the Company complies with the Listing Agreement norms for independent directors. The Board acts with autonomy and independence in exercising strategic supervision, discharging its responsibilities and in ensuring that the Company observes high standards of ethics, transparency and disclosure. The Independent Directors have no material pecuniary relationship with the Company, which may affect the independence of their judgement.

The Directors have confirmed that they are not on the Board of any public companies, which have committed default under Section 274(1)(g) of the Companies Act, 1956. None of the Directors is a member of more than 10 committees of the public companies or is the Chairman of more than 5 such committees.

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors for the Financial Year ended March 31, 2004 that may have potential conflict with the interests of your Company at large.

The names of the Directors, their attendance at Board Meetings during the Financial Year and at the last Annual General Meeting, number of other Directorships held by them, Board Committee memberships and/or chairmanships in Public Companies (excluding the Company) held by them as at March 31, 2004 are given below:

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Name of Director	Category	No. of Board Meetings attended during the year 2003-04	Whether attended the last AGM held on September 10, 2003	No. of other Directorships		No. of other Committees on which Member/Chairman §	
				Public	Private	Chairman	Member
Mr. Nimesh N Kampani	Non Executive Chairman	5	Yes	10*	7	2	4
Mr. Arunkumar R Gandhi#	Independent and Non Executive Director	4	No	—	—	—	—
Mr. M R Mondkar	Independent and Non Executive Director	6	Yes	—	2	—	—
Mr. Ashith N Kampani	Independent and Non Executive Director	6	Yes	—	1	—	—
Mr. Anant V. Setalvad (Effective from May 10, 2004)	Independent and Non Executive Director	NA	NA	3	1	—	—
Mr. E. A. Kshirsagar (Effective from May 28, 2004)	Independent and Non Executive Director	NA	NA	2	—	—	—

* Includes Foreign Company.

§ The Committees considered for the purpose of arriving at the numbers are; Audit, Remuneration and Shareholders' Grievance Committee.

Tendered resignation on March 30, 2004.

b. Board Meetings:

During the year under review, the Board of Directors met 6 times on May 21, 2003, June 23, 2003, July 29, 2003, September 10, 2003, October 27, 2003 and January 14, 2004. The time interval between the two Board Meetings did not exceed the stipulated four months period specified under the Listing Agreement.

Mr. Ashith N Kampani retires by rotation at the ensuing Annual General Meeting. He offers himself for reappointment.

Mr. Ashith Kampani holds a Bachelors degree in Commerce. He has been one of the Non-Executive Directors since 1998. Mr. Kampani has been associated with the Company since many years. Mr. Kampani is presently working as Vice President-Equity Sales & Trading in JM Morgan Stanley Securities Private Limited. He is a Director of Ashith N Kampani Securities Private Limited.



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Mr. Anant V. Setalvad has been appointed as a Director to fill the casual vacancy caused by resignation of Mr. Arunkumar R. Gandhi at the Board Meeting held on May 10, 2004.

Mr. Setalvad holds a degree in commerce and law. He is also a qualified company secretary. He is the Executive Chairman of KSB Pumps Limited. He has been associated with KSB Pumps Limited since its inception. He has wide experience in the field of finance and legal matters. He is also on the Boards of Industrial & Prudential Investment Company Limited, J. M. Trustee Co. Private Limited, New Holding & Trading Co. Limited and a member of executive committee of The Cricket Club of India Ltd.

Mr. E. A.Ksrhisagar has been appointed as an Additional Director at the Board Meeting held on May 28, 2004.

Mr. Kshirsagar holds a degree in Science and is a qualified Chartered Accountant (India as well as England & Wales). He has been associated with A. F. Ferguson Management Consultancy Division for over three decades. He was Director-in-charge until his retirement this year. He has specialised in the areas of Corporate Strategy and Structure, Disinvestments, Feasibility studies for variety of industries and impact of legislations on business. He is also on the Boards of Ashok Leyland Limited and HCL Infosystems Limited.

III. COMMITTEES OF DIRECTORS

a. Audit Committee

During the year under review, the following Directors were members of the Audit Committee:

Members: Mr. M R Mondkar - Chairman, Mr. Nimesh N Kampani and Mr. Ashith N Kampani.

Except Mr. Nimesh N Kampani, all other members of the Committee are Independent Directors. The role, powers and functions of the Audit Committee are given on the basis of Clause No. 49 of the Listing Agreement as also the provisions of Section 292A of the Companies Act, 1956.

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of external audit. The role of the Audit Committee includes overseeing the financial reporting process to ensure proper disclosure in financial statements, recommending the appointment or removal of external auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, any changes in accounting policies and practices, major accounting entries, qualification, if any, in the draft audit report, review of any significant adjustments arising out of audit, the going concern assumption, compliance with accounting standards, stock exchange and legal requirements concerning financial statements, related party transactions that may have potential conflict of interest, review of adequacy of internal control systems, review of the findings and observations of internal investigations, discussing the scope of audit with external auditors, post audit discussion to ascertain any area of concern, reviewing the Company's financial and risk management policies and looking into reasons of substantial defaults, if any, for non-payment to shareholders, creditors, etc.

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The Committee met 4 times on May 27, 2003, July 29, 2003, October 27, 2003 and January 14, 2004. The attendance record of the members of the Audit Committee is given below:

Sr. No.	Name of the Member	Category	Number of Meetings	
			held	attended
1.	Mr. M R Mondkar	Non-Executive & Independent Director	4	4
2.	Mr. Nimesh N Kampani	Non-Executive Director	4	3
3.	Mr. Ashith N Kampani	Non-Executive & Independent Director	4	4

b. Shareholders'/Investors' Grievance Committee

The present composition of the Shareholders' Grievance Committee is as follows

Name of the Director	Category of Directorship
Mr. M R Mondkar (Chairman)	Non-Executive
Mr. Ashith N Kampani	Non-Executive

The Committee deals in matters relating to

- Issue of duplicate share certificates/split certificates.
- Redressal of shareholders' queries.
- Review of dematerialisation/rematerialisation of shares.
- Other matters related to shares.

Share transfer formalities are attended once in a fortnight. The details of the share transfers are reported to the Board of Directors for its noting.

Compliance Officer: Mr. P K Choksi, one of the authorised signatories is named by the Board as the Compliance Officer.

141, Maker Chambers III, Nariman Point, Mumbai - 400 021

Status of Complaints:

Your Company had received 70 complaints during the Financial Year 2003-04. All these complaints have been redressed to the satisfaction of the shareholders/investors. As of March 31, 2004, no complaints were pending. 6 share transfer requests aggregating 700 shares were pending as of the above said date.

c. Remuneration Committee

The Board has not constituted the Remuneration Committee, as there is no Executive Director in the Company. The Non-Executive Directors are paid sitting fees for attending each meeting of the Board and Committees thereof. The Non-Executive Directors do not draw any other remuneration from the Company. The sitting fees for attending each of the Board Meetings were increased from Rs. 500/- to Rs. 2000/- by the Board at its meeting hold on June 23, 2003. The details



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of the sitting fees paid during the Financial Year 2003-04 to the Directors and the Members of the Audit Committee are given below:

Name of the Director/Members	Sitting Fees Paid during the year 2003-04 (Rs.)	
	Board Meeting	Audit Committee Meeting
Mr. Nimesh N Kampani	7,000/-	2,000/-
Mr. Arunkumar R Gandhi	6,500/-	NA
Mr. M R Mondkar	9,000/-	3,000/-
Mr. Ashith N Kampani	9,000/-	3,000/-

IV. GENERAL BODY MEETINGS

i. Location and time of the last three Annual General Meetings:

Financial Year	Date	Time	Type of Resolution	Voting Pattern	Venue
2001	August 27, 2001	3.30 P.M.	Special	Show of hands	Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai
2002	August 30, 2002	3.30 P.M.	—	—	— do —
2003	September 10, 2003	3.30 P.M.	—	—	— do —

ii. Postal Ballot

No resolution was required to be passed by means of postal ballot during the year.

V. MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The Financial Year 2003-04 was one of the most volatile but satisfying year as far as the Indian Capital Markets are concerned. The Indian Capital Market witnessed a series of Initial Public Offerings (IPOs) including divestment and offer for sale by the Government of India. The sustained buoyancy in the Secondary Market prompted investors to subscribe in the IPOs resulting in heavy oversubscription. There was a greater inflow of foreign funds in the capital market due to attractive valuations and economic growth. With the stabilisation of T+2 settlement cycle, the Regulators and market participants are looking at implementation of T+1 settlement cycle. The continued growth in the Indian Economy coupled with market friendly measures would attract more foreign funds in the Capital Market. Overall, the outlook for the industry appears to be positive.

Opportunities and Threats

Being a Securities Company the nature of its business is cyclical involving various risks. The major threats are; changes and development happening on fundamental, political and technical fronts. Depending upon the business cycle, your company's

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business goes up and down. Similarly, there are opportunities available to your Company depending upon the growth of economy and favorable Governmental Policies for the Capital Market at large.

Segment-wise or Product-wise performance

Your Company is mainly engaged in securities activities, which is considered as the only business segment. The geographical segments are not applicable to your Company.

Outlook

As indicated earlier, the outlook for the companies operating in the capital market appears to be bright. As the shareholders are aware that the Company is a Securities Company having investment in the Securities of other Companies and Mutual Fund Schemes. Your Company continues to hold 49% equity stake in JM Morgan Stanley Securities Private Ltd. (JMMSSPL), which is a SEBI registered intermediary having memberships of the National Stock Exchange of India Ltd. and The Stock Exchange, Mumbai. JMMSSPL is an Institutional Equity Sales & Trading Company catering to Foreign Institutional Investors, domestic Institutions, Banks and Mutual Funds. With the continued buoyancy in the Capital Market, JMMSSPL is expected to perform better, which augurs well for your Company.

Risk and Concerns

With the philosophy of the Board of your Company, it is ensured that the Company adheres to the best practices and has necessary internal systems and controls in place to manage the risks. However, since your Company is not an operating Company, it is not exposed to the risks specific to the business operations risk.

Internal Control Systems and their adequacy

The Company is holding 49% stake in JM Morgan Stanley Securities Pvt. Ltd. (JMMSSPL). The activities of the Company are outsourced. The major source of income of the Company is through dividend from the above entity viz. JMMSSPL. Since there are no other major in house activities of the Company, the existing systems are adequate to take care of adverse eventualities, if any.

Financial Performance

As can be observed from the Annual Accounts, your Company has reported higher Gross Income of Rs.428.83 lacs as against Rs. 77.93 lacs for the previous year, which is attributable to higher dividend income during the year under review. Your Company's profit before tax was higher at Rs.260.32 lacs as against Rs. 3.70 lacs in the previous year after accounting for Interest of Rs. Nil (Previous year-Rs. 0.81 lacs) and the depreciation of Rs. 1.77 lacs (Previous year - Rs. 1.77 lacs). The net profit of your Company is Rs. 260.96 lacs as against Rs. 2.80 lacs in the previous year.

Human Resources

Your Company did not have any employee during the year under review. However, the work / activities of the Company were outsourced on a need based basis.



J. M. Share & Stock Brokers Ltd.

VI. DISCLOSURES

1. **Materially significant Related Party Transactions.**

There are no materially significant transactions with related parties i.e., promoters and directors, their subsidiaries or relatives having any conflict of interest vis-à-vis the Company. The Related Party Disclosures form part of the Annual Report and is indicated at item no.11 in the Notes to Accounts.

2. **There have been no instances of non-compliance with the Stock Exchange Listing Agreement or Regulations and/or SEBI Regulations as are applicable to your Company, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authority for any violation relating to the Capital Market, during the last three years.**

VII. MEANS OF COMMUNICATION

The Quarterly and Half Yearly Results of your Company were published in Free Press Journal (English Newspaper) and in Navshakti (Marathi Newspaper-Regional language). Additionally, the Half Yearly Results were also uploaded on the EDIFAR web site.

Electronic Data Information Filing and Retrieval (EDIFAR)

As required by SEBI / Stock Exchanges, your Company has registered itself for 'Electronic Data Information Filing and Retrieval' (EDIFAR) with The Stock Exchange, Mumbai and has been uploading its Audited/ Half Yearly Unaudited Financial Results during the year 2003-04 on EDIFAR site.

Management Discussion and Analysis forms part of the Annual Report.

VIII. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Date and Time Monday, August 2, 2004 at 3.30 p.m.
Venue Kamalnayan Bajaj Hall, Bajaj Bhavan
Nariman Point, Mumbai 400021

Financial Calendar

1st April to 31st March.

Date of Book Closure

July 23, 2004 to
August 2, 2004 (both days inclusive)

Dividend Payment Date

August 5, 2004

Listing on Stock Exchanges

The Company's shares are currently listed on;
The Stock Exchange, Mumbai (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Fort,
Mumbai - 400 001

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The Company's shares have been delisted from Ahmedabad and Delhi Stock Exchanges.

The Company has paid the annual listing fees to the BSE for the Financial Year 2004-05.

Stock Code

The Stock Exchange, Mumbai 523405

Demat ISIN in NSDL and CDSL for equity shares INE780C01015

Market Price Information

Details about monthly high and low of closing prices and volume of shares of your Company traded on The Stock Exchange, Mumbai (BSE) are given below.

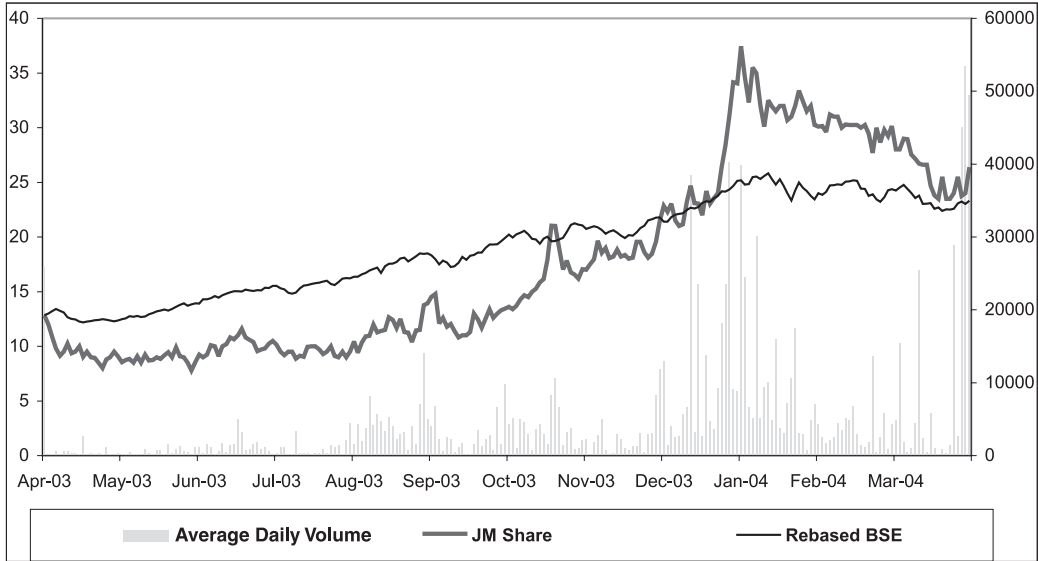
Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April 2003	13.90	14.25	8.25	9.00	31957
May 2003	8.95	9.50	7.50	8.85	6724
June 2003	9.20	11.25	7.20	10.65	16937
July 2003	11.00	11.75	8.75	9.70	24400
August 2003	8.81	13.00	8.30	11.66	61450
September 2003	11.60	15.45	9.40	12.45	66146
October 2003	10.85	25.00	10.85	17.85	91739
November 2003	18.25	21.60	15.55	18.60	34129
December 2003	19.00	31.15	18.00	31.15	243472
January 2004	31.15	39.00	28.50	32.00	223593
February 2004	31.00	32.00	27.60	29.80	75214
March 2004	29.25	30.50	21.50	26.40	250587

Source: BSE database



J. M. Share & Stock Brokers Ltd.

The performance of the Company's Equity Shares vis-à-vis the BSE Sensitive Index (Sensex) is given in the chart below:



Registrars and Share Transfer Agents:

MUMBAI OFFICE

Sharepro Services,
Investor Relation Centre,
912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021
Contact Person:
Ms. Pallavi - Tel. No. 22884528
Counter Timings: 10.00 a.m. to 5.00 p.m.

ANDHERI OFFICE

Sharepro Services,
3rd Floor, Satam Industrial Estate,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400099
Contact Person:
Mr. Raagesh - Tel Nos. 28215168
Counter Timings: 10.00 a.m. to 5.00 p.m.

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Share Transfer System

The Company's investor related services are handled by Sharepro Services. Physical shares received for transfer are duly transferred and returned to the investors well within the statutory time period provided the documents are complete in all respects. The Share Transfer Committee meets regularly to approve transfer proposals. All requests for dematerialisation of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days.

Information about Shareholding as of March 31, 2004

I. Distribution of Shareholding

No. of Shares held	Shareholders		Shares	
	Nos.	% age	Nos.	% age
0- 500	6049	90.27	1134501	10.02
501-1000	404	6.03	317950	2.81
1001-2000	105	1.57	156895	1.39
2001-3000	41	0.61	98270	0.87
3001-4000	26	0.39	92235	0.81
4001-5000	17	0.25	78600	0.69
5001-10000	30	0.45	236447	2.09
10001 and above	29	0.43	9210102	81.32
Total	6701	100.00	11325000	100.00

II. Categories of Shareholders

Category	No. of Shares held	Amount paid up Rs.	% age to the total Issued Capital
Public	2397315	23973150	21.16
Non-Resident Indians	15250	152500	0.14
Bodies Corporate	7246335	72463350	63.99
Directors and their relatives	1666100	16661000	14.71
	11325000	*113250000	100.00

*Inclusive of calls-in-arrears and amount in respect of shares held in abeyance under Section 206 A of the Companies Act, 1956.



J. M. Share & Stock Brokers Ltd.

Dematerialisation of Shares and Liquidity

As of March 31, 2004, 84.32% of the Company's share capital was in dematerialised mode. The Company's shares are frequently traded on The Stock Exchange, Mumbai.

94,47,911 shares representing 83.43% of the total shares have been dematerialised under NSDL Depository whereas 1,01,638 shares representing 0.90% of the total shares have been dematerialised under CDSL Depository.

Outstanding GDRs /ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on equity - Not Applicable since the Company has not issued any such instruments.

Plant Locations — Not applicable

Address for correspondence — 141, Maker Chambers III,
Nariman Point, Mumbai - 400 021

All material requirements with respect to Corporate Governance have been complied with as stipulated in the Listing Agreement.

CERTIFICATE

To the Members of

J. M. Share & Stock Brokers Limited

We have examined the compliance of conditions of Corporate Governance by J. M. Share & Stock Brokers Limited, for the year ended on March 31, 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2004, no investor grievances are pending against the Company for a period exceeding one month as on 31st March, 2004, as per the records maintained by the Company and presented to the Investors'/Shareholders' Grievance Committee.

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

For & on behalf of

KHIMJI KUNVERJI & CO

Chartered Accountants

SHIVJI K. VIKAMSEY

Partner

PLACE : MUMBAI

DATE : MAY 28, 2004

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AUDITORS' REPORT

The Members of

J. M. SHARE & STOCK BROKERS LIMITED

1. We have audited the attached Balance Sheet of J.M. SHARE & STOCK BROKERS LIMITED as at March 31, 2004 the Profit and Loss Account and also the Cash Flow statements for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (hereinafter referred to as 'CARO') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as 'the Act') we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account;

- iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act;
- v) On the basis of written representations received from the directors as on March 31, 2004 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2004 from being appointed as a director in terms of Section 274 (1)(g) of the Act;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and Notes on Accounts in Schedule 'K' particularly Note No.10 in the aforesaid Schedule regarding fall in value of certain long term unquoted investments aggregating to Rs.9,38,64,172/- against which provision of Rs.6,00,00,000/- has been made towards the decline in value thereof, and those appearing elsewhere in the accounts, give the information required by the Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2004;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

For & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

PLACE : MUMBAI
DATED : MAY 10, 2004

SHIVJI K VIKAMSEY
Partner
Membership no. 2242



J. M. Share & Stock Brokers Ltd.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF J. M.SHARE & STOCK BROKERS LIMITED AS AT MARCH 31, 2004

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of its fixed assets.
- ii. As informed, the Company has not granted or taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- iii. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of audit, no major weakness has been noticed in these internal controls.
- iv. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under Section 301 of the Act.
- v. In our opinion and according to the information and explanations given to us, no deposits from the public within the meaning of Reserve Bank of India Directives and Sections 58A and 58AA of the Act and the rules framed there under have been accepted by the Company.
- vi. In view of the low volume of transactions during the year and the internal controls existing, the Company did not deem it necessary to have a formal Internal Audit System during the year.
- vii. (a) The Company is regular in depositing undisputed Income tax and Investors Education and Protection Fund and there are no arrears thereof as at

31st March, 2004 for a period of more than six months from the date they become payable. We are informed that Provident Fund, Employee State Insurance, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues are not applicable to the Company.

- (b) According to the information and explanations given to us, the dues in respect of income tax, that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are as under:

Name of the Statute	Nature of the dues	Amount (Rs.)	Forum where dispute is pending
Income Tax Act	Income Tax	1,17,544	Commissioner (Appeals)

- viii. The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current or in the immediately preceding financial year.
- ix. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- x. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi. The Company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provision of clause 4 (xiii) of CARO are not applicable to the Company.
- xii. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of CARO is not applicable to the Company.
- xiii. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

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- xiv. According to the information and explanations given to us, the Company has not borrowed by way of term loan during the year.
- xv. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No Long-term funds have been used to finance short-term assets except working capital.
- xvi. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xvii. According to the information and explanations given to us, no debentures have been issued during the year.
- xviii. The Company has not raised any money through a public issue during the year.
- xix. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
Membership No. : 2242

PLACE : MUMBAI
DATED : MAY 10, 2004



J. M. Share & Stock Brokers Ltd.

BALANCE SHEET AS AT MARCH 31, 2004

	Schedule	As at 31.03.2004 Rupees	As at 31.03.2003 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Equity Share Capital	A	11,24,82,500	11,24,77,250
Reserves & Surplus	B	14,42,09,420	13,84,15,791
Total		25,66,91,920	25,08,93,041
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	C	1,08,50,211	1,08,50,211
Less : Provision for Depreciation		(20,73,463)	(18,95,798)
Net Block		87,76,748	89,54,413
INVESTMENTS	D	19,17,95,702	21,62,06,627
DEFERRED TAX ASSETS		1,84,345	1,20,608
Current Assets, Loans & Advances	E	9,45,35,796	5,79,92,193
Less: Current Liabilities & Provisions	F	3,86,00,671	3,23,80,800
NET CURRENT ASSETS		5,59,35,125	2,56,11,393
Total		25,66,91,920	25,08,93,041
Significant Accounting Policies & Notes to Accounts	K		

As per our attached
Report of even date

For and on behalf of the Board

Directors

For & on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

NIMESH N KAMPANI
Chairman

M R MONDKAR

SHIVJI K VIKAMSEY
Partner

ASHITH N KAMPANI

PLACE: MUMBAI
DATED: MAY 10, 2004.

PLACE: MUMBAI
DATED: MAY 10, 2004.

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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

	Schedule	For the Year 31.03.2004	(in Rupees) For the Year 31.03.2003
INCOME			
Securities Activity	G	4,02,40,245	53,48,649
Other Income	H	26,42,484	24,44,801
		4,28,82,729	77,93,450
EXPENDITURE			
Profit before Interest, Depreciation, Diminution in Value of Investments & Income Tax	I	26,73,581	26,64,651
Less: Interest	J	—	80,751
Depreciation		1,77,665	1,77,665
(Provision for) diminution in the value of investments		(1,40,00,000)	(45,00,000)
Profit before Tax		2,60,31,483	3,70,383
Provision for Current Tax		—	30,000
(Write back off)/ Provision for Deferred Tax		(63,737)	23,847
(Excess)/ Short provision for tax of earlier years (Net)		—	36,589
Profit after Tax		2,60,95,220	2,79,947
Add: Balance Profit brought forward from earlier years		1,78,73,011	3,01,33,426
Add: Adjustment for Deferred Tax Assets of earlier years		—	1,48,478
Profit available for Appropriation		4,39,68,231	3,05,61,851
APPROPRIATION			
Proposed Dividend		1,79,97,200	1,12,47,725
Dividend Tax		23,05,891	14,41,115
General Reserve		20,00,000	—
Balance Carried forward		2,16,65,140	1,78,73,011
		4,39,68,231	3,05,61,851
Earnings Per Share (Per Equity share of Rs.10/- each)			
- Basic & Diluted		2.30	0.02
Significant Accounting Policies & Notes to Accounts K			

As per our attached
Report of even date

For and on behalf of the Board

Directors

For & on behalf of
KHIMJI KUNVERJI & CO.
Chartered Accountants

NIMESH N KAMPANI
Chairman

M R MONDKAR

SHIVJI K VIKAMSEY
Partner

ASHITH N KAMPANI

PLACE: MUMBAI
DATED: MAY 10, 2004

PLACE: MUMBAI
DATED: MAY 10, 2004.



J. M. Share & Stock Brokers Ltd.

SCHEDULE 'A' SHARE CAPITAL

	As at 31.03.2004 Rupees	As at 31.03.2003 Rupees
Authorised:		
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000	15,00,00,000
Issued, Subscribed and Paid up :		
1,13,25,000 Equity Shares of Rs.10/- each fully paid-up. (Of the above, 12,50,000 Equity Shares of Rs 10/- each issued for consideration other than cash)	11,32,50,000	11,32,50,000
Less : Calls in arrears	(7,67,500)	(7,72,750)
	11,24,82,500	11,24,77,250

SCHEDULE 'B' RESERVES & SURPLUS

		As at 31.03.2004 Rupees	As at 31.03.2003 Rupees
Share Premium			
Balance as per Last Balance Sheet	12,05,42,780		12,05,42,780
Add : Additions during the year	1,500		—
		12,05,44,280	12,05,42,780
General Reserve			
Balance as per Last Balance Sheet	—		—
Add : Transferred from Profit and Loss Account	20,00,000		—
		20,00,000	—
Surplus in Profit and Loss Account		2,16,65,140	1,78,73,011
		14,42,09,420	13,84,15,791

SCHEDULE 'C' FIXED ASSETS

(In Rupees)

Particulars	GROSS BLOCK (At Cost)			As at 31.03.2004	DEPRECIATION			Total upto 31.03.2004	NET BLOCK	
	As at 31.03.2003	Additions during the period	Sale/Transfer during the period		Up to 31.03.2003	For the period	On sale/ Transfer		As at 31.03.2004	As at 31.03.2003
Office Premises	1,08,50,211	—	—	1,08,50,211	18,95,798	1,77,665	—	20,73,463	87,76,748	89,54,413
TOTAL	1,08,50,211	—	—	1,08,50,211	18,95,798	1,77,665	—	20,73,463	87,76,748	89,54,413
PREVIOUS YEAR	1,08,50,211	—	—	1,08,50,211	17,18,133	1,77,665	—	18,95,798	89,54,413	

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SCHEDULE 'D' INVESTMENTS

Sr. No.	Particulars	As at 31.03.2004		As at 31.03.2003	
		Nos.	Rupees	Nos.	Rupees
LONG TERM INVESTMENTS					
UNQUOTED					
TRADE INVESTMENTS					
EQUITY SHARES OF RS.10/- EACH					
(Fully paid-up, unless otherwise stated)					
1	JSB SECURITIES LTD.	15,00,000	2,30,00,000	15,00,000	2,30,00,000
2	J. M. CAPITAL MANAGEMENT PVT. LTD.	12,00,000	1,20,00,000	12,00,000	1,20,00,000
3	J. M. TRUSTEE CO. PVT. LTD.	25,000	2,50,000	25,000	2,50,000
4	JM MORGAN STANLEY SECURITIES PVT. LTD.	49,00,000	12,66,87,500	49,00,000	12,66,87,500
OTHERS					
	JSB SECURITIES LTD. (OPTIONALLY CONVERTIBLE DEBENTURES OF Rs.100/- each)	6,00,000	6,00,00,000	6,00,000	6,00,00,000
OTHER INVESTMENTS					
EQUITY SHARES OF RS.10/- EACH					
(Fully paid-up, unless otherwise stated)					
1	DERIVATIVE SOLUTIONS PTE LTD. - (S\$1/- each)	5,00,422	1,08,64,172	5,00,422	1,08,64,172
2	FINANCIAL ENGINEERING SOLUTIONS PVT. LTD.	4,00,000	40,00,000	4,00,000	40,00,000
3	UVI HOLIDAYS LTD.	1,75,000	87,50,000	1,75,000	87,50,000
OTHERS					
MUTUAL FUND UNITS OF RS.10/- EACH					
1	JM MUTUAL FUND - BASIC EQUITY - DIVIDEND PLAN	16,072	1,49,470	16,072	1,49,470
2	JM MUTUAL FUND - INCOME FUND - GROWTH PLAN	83,086	21,94,560	3,68,318	79,05,485
3	JM MUTUAL FUND - INCOME FUND - DIVIDEND PLAN	3,84,078	39,00,000	—	—
4	JM MUTUAL FUND - HIGH LIQUID FUND - GROWTH PLAN	—	—	5,13,328	86,00,000
TOTAL RS.....			25,17,95,702		26,22,06,627



J. M. Share & Stock Brokers Ltd.

Sr. No.	Particulars	As at 31.03.2004		As at 31.03.2003	
		Nos.	Rupees	Nos.	Rupees
	Less: Provision for Diminution in the Value of Investments - Unquoted		6,00,00,000		4,60,00,000
	TOTAL		19,17,95,702		21,62,06,627

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES

	As at 31.03.2004 Rupees	As at 31.03.2003 Rupees
(A) CURRENT ASSETS :		
1) Income Accrued		
On Others (Doubtful fully provided Rs.9,32,868/- [Previous Year Rs. 9,32,868/-])	1,03,264	—
2) Sundry Debtors (Unsecured considered good unless otherwise stated) Exceeding six months (Doubtful fully provided Rs.18,85,540/- [Previous Year Rs. 18,85,540/-])	—	—
3) Bank Balance with Scheduled Banks : — In Current Account	6,95,463	8,28,539
TOTAL (A)	7,98,727	8,28,539
(B) LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)		
1) Advances recoverable in cash or kind or for value to be received	4,67,49,489	68,33,392
2) Deposits [net of doubtful deposits provided Rs.25,00,000/- (Previous Year Rs. 25,00,000/-)]	1,32,97,510	1,32,97,510
3) Advance Tax & Tax Deducted at Source (Net of Provision)	3,36,90,070	3,70,32,752
TOTAL (B)	9,37,37,069	5,71,63,654
TOTAL (A+B)	9,45,35,796	5,79,92,193

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SCHEDULE 'F'

CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2004 Rupees	As at 31.03.2003 Rupees
CURRENT LIABILITIES		
1. Sundry Creditors	9,78,250	6,80,750
2. Unclaimed Dividend	4,26,992	1,65,231
3. Property Deposits	1,00,00,000	1,04,00,000
4. Other Liabilities	68,92,338	84,45,979
TOTAL (A)	1,82,97,580	1,96,91,960
PROVISIONS		
Proposed Dividend	1,79,97,200	1,12,47,725
Corporate Tax on Proposed Dividend	23,05,891	14,41,115
TOTAL (B)	2,03,03,091	1,26,88,840
TOTAL (A) + (B)	3,86,00,671	3,23,80,800

INCOME

SCHEDULE 'G'

SECURITIES ACTIVITY

	For the year 31.03.2004	(in Rupees) For the Year 31.03.2003
Profit/(Loss) on sale of Long term Investments (Net)	20,64,549	47,52,744
Dividend (Gross)	3,81,75,696	5,95,905
[Tax Deducted at Source Rs.65,288/- (Previous Year Rs.Nil)]		
TOTAL	4,02,40,245	53,48,649



J. M. Share & Stock Brokers Ltd.

SCHEDULE 'H'

OTHER INCOME

	For the Year 31.03.2004	(in Rupees) For the Year 31.03.2003
Interest (Gross) [Tax Deducted at Source Rs. 27,857/- (Previous Year Rs.Nil)]	6,45,852	7,16,149
Lease Rent (Gross) [Tax Deducted at Source Rs. 2,54,871/- (Previous Year Rs. 3,88,860/-)]	12,40,350	17,13,915
Other Income	7,56,282	14,737
TOTAL	26,42,484	24,44,801

SCHEDULE 'I'

EXPENDITURE

	For the Year 31.03.2004	(in Rupees) For the Year 31.03.2003
1) Rent	1,52,375	1,86,695
2) Insurance	11,25,644	11,21,976
3) Auditor's Remuneration		
— For Audit Fees	25,000	25,000
— For Certification	2,500	12,500
— For Limited Review	15,000	12,500
— For Tax matter	15,000	—
— For Management Consultancy Services	25,000	—
— For Tax Audit fees	10,000	10,000
— For Service Tax on Auditors' Remuneration	6,200	4,050
4) Legal, Professional & Consultation Charges	6,09,540	6,72,550
5) Miscellaneous Expenses	4,83,380	3,60,734
6) AGM and R&T Expenses	2,03,942	2,58,646
TOTAL	26,73,581	26,64,651

SCHEDULE 'J'

	For the Year 31.03.2004	(in Rupees) For the Year 31.03.2003
Interest on others	—	80,751
	—	80,751

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SCHEDULE "K"

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS AS ON MARCH 31, 2004.

1 Significant Accounting Policies

(a) Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

(b) Fixed Assets

Fixed Assets are stated at cost.

(c) Investments

Long term Investments are stated at cost. However, provision for diminution in value of the quoted long term investments and current investments is done at lower of cost and market value determined on an individual investment basis and provision for diminution in the value of Unquoted Long Term Investments is done as per Management's estimate.

(d) Depreciation

Depreciation is being provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year is being provided on pro-rata basis with reference to the month of addition/ disposal.

(e) Foreign Currency Translations

Transactions on account of foreign currency are converted into Indian rupees at the prevailing rates on the date of transaction. Remittances not received or made until the date of Balance Sheet are considered at the exchange rate prevailing on the date of Balance Sheet.

(f) Stock in Trade

Valued at lower of cost or market value.

(g) Taxation

Provision for the current tax is made on the basis of estimated taxable income for the current accounting year in accordance with Income Tax Act, 1961.

The Deferred Tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing difference are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets are recognised on unabsorbed losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profit

2 (a) Contingent liability in respect of income tax disputed in Appeal, excluding interest thereon, is Rs. 3,08,31,241/- [Previous year Rs. 3,03,78,818/-]

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 44,77,000/- [Previous year Rs. 44,77,000/-]



J. M. Share & Stock Brokers Ltd.

- 3 Other Liabilities include the following unclaimed amounts which will be transferred to the Investor Education and Protection fund under Section 205 C of the Companies Act, 1956 after seven years from the respective dates they became due for payment.

	Year ended 31.03.2004	Year ended 31.03.2003
	Rupees	Rupees
1 Unclaimed Dividend	4,26,992	1,65,231
2 Unclaimed matured debentures	46,09,444	48,11,470
3 Unclaimed Interest on debentures	17,25,358	21,27,093
	67,61,794	71,03,794

- 4 Disclosure in respect of Company's Joint Ventures in India pursuant to Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures":

	Country of Incorporation	Proportion of Ownership interest as at 31.03.2004 Rupees
a) Name of the Venture		
JM Morgan Stanley Securities Pvt. Ltd.	India	49%
Derivative Solutions Pte. Ltd.	Singapore	30%
b) the aggregate of Company's share in the above ventures in:		
Net Fixed Assets		2,99,22,693
Investments		31,97,25,000
Net Current Assets		14,74,70,008
Stock Exchange Membership		1,25,43,998
Miscellaneous Expenditure (to the extent not written off)		—
Loans/ Borrowings		—
Deferred Tax liability		(19,60,000)
Income		49,74,23,315
Expenses (Including depreciation & taxation)		20,23,00,856

Note: The Ownership interest is worked out based on unaudited (provisional) accounts of joint venture entities

- 5 There are no loans and advances in the nature of loans to Subsidiary, Associates, Firms and Companies in which directors are interested, and no loans having no repayment schedule or repayment schedule beyond seven years or having no interest or interest rates lower than specified under Section 372 A of the Companies Act, 1956 except Investment in 6,00,000 Interest free Optionally Convertible Debentures of JSB Securities Ltd. amounting to Rs.6 Crore, which if not converted into Equity shares are partly repayable after seven years from the date of allotment i.e. 31.03.2001.
- 6 The issued, subscribed and paid-up capital and calls in arrears inter alia includes an amount in respect of 11,500 shares held in abeyance under section 206A of the Companies Act, 1956.
- 7 Under the head "Current Liabilities & Provisions" no separate disclosure is made for outstanding amount(s) due to Small Scale Industrial undertaking(s) [SSI] as there are no such creditors.
- 8 Deferred Tax Assets/ (Liability) at the year end comprise timing difference on account of:

	Year ended 31.03.2004	Year ended 31.03.2003
Depreciation	(20,19,572)	(19,57,855)
Brought forward depreciation	22,03,917	20,78,463
	1,84,345	1,20,608

Deferred tax assets arising on account of brought forward losses has not been recognised as a measure of prudence.

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9 EPS is calculated as under:

	Year ended 31.03.2004	Year ended 31.03.2003
(a) Numerator - Net profit as disclosed in Profit and Loss account	2,60,95,220	2,79,947
(b) Denominator - Weighted average no. of equity shares outstanding Basic & Diluted	1,13,25,000	1,13,25,000
(c) Nominal value of shares	10.00	10.00

10 Break up value of certain long term unquoted investments costing Rs.9,38,64,172/- are lower than its cost.

Looking at the long term nature of investments, the Company has, as an abundant caution, provided till date Rs.6,00,00,000/- as decline, other than temporary in the value thereof.

11 Disclosure in respect of Related Parties pursuant to Accounting Standard - 18
As per annexure attached - 1

12 Statement of Cash flow pursuant to Accounting Standard - 3
As per annexure attached - 2

13 The Company is mainly engaged in Securities Activity which in the context of Accounting Standard 17 is considered as the only business segment. The geographical segments are therefore not applicable.

14 No further information pursuant to paragraph 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956 given as the same does not apply to the Company.

15 Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and General Business Profile

a. Registration Details

Registration No.: 38784

Balance Sheet Date: 31-03-2004

State Code : 11

(Rupees in '000)

b. Capital Raised during the Year

Public Issue

Nil

Rights Issue

Nil

Bonus Issue

Nil

Private Placement

Nil

c. Position of Mobilisation and Deployment of Funds

Total Liabilities

2,56,692

Total Assets

2,56,692

Sources of Funds

Paid-up Capital

1,12,483

Reserves and Surplus

1,44,209

Secured Loans

—

Unsecured Loans

—



J. M. Share & Stock Brokers Ltd.

Application of Funds	
Net Fixed Assets	8,777
Investments	1,91,796
Deferred Tax Assets	184
Net Current Assets	55,935
Miscellaneous Expenditure	—
Accumulated Losses	—
d. Performance of the Company	
Turnover (including Other Income)	42,883
Total Expenditure	16,851
Profit before Tax	26,032
Profit after Tax	26,095
Earnings per share in Rs.	2.30
Dividend Rate (%)	16
e. Generic Names of Principal Products of the Company	
Item Code No. (ITC Code)	Not applicable
Product Description	Not applicable

16 Previous year's figures have been regrouped and rearranged wherever necessary.

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

For and on behalf of the Board

Directors

**For & on behalf of
KHIMJI KUNVERJI & CO.**
Chartered Accountants

NIMESH N KAMPANI
Chairman

M R MONDKAR

SHIVJI K VIKAMSEY
Partner

ASHITH N KAMPANI

PLACE: MUMBAI
DATED: MAY 10, 2004.

PLACE: MUMBAI
DATED: MAY 10, 2004.

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Anexure to point no. 11 of Schedule K

Rupees in lacs

	Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Individual in 2 below is able to exercise significant influence		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Sale of Long Term Investments through	—	—	—	—	—	—	—	—	—	160.25	—	160.25
Receiving of services	—	—	—	—	—	—	—	—	—	0.40	—	0.40
Investments made in Debenture Application	—	—	—	—	—	—	—	—	475.00	—	475.00	—
Money applied	—	—	—	—	—	—	—	—	500.00	—	500.00	—
Debenture Application Money received	—	—	—	—	—	—	—	—	47.00	—	47.00	—
Advances recovered	—	—	—	—	—	—	—	—	—	10.18	—	—
Deposits repaid	—	—	—	—	—	—	—	—	4.00	8.50	4.00	8.50
Dividend received	—	—	367.50	—	—	—	—	—	—	0.05	367.50	0.05
Rent received	—	—	—	—	—	—	—	—	12.40	17.14	12.40	17.14
Interest received	—	—	—	—	—	—	—	—	1.36	—	1.36	—
Board Meeting fees	—	—	—	—	0.07	0.03	0.09	0.03	—	—	0.16	0.06
Audit Committee Fees	—	—	—	—	0.02	—	0.03	—	—	—	0.05	—
Outstanding Balance												
Investments in Debenture Application	992.50	992.50	1,375.52	1,375.52	—	—	—	—	—	—	2,368.02	2,368.02
Money	—	—	—	—	—	—	—	—	453.00	—	453.00	—
Property deposits received from	—	—	—	—	—	—	—	—	100.00	104.00	100.00	104.00
Interest Accrued	—	—	—	—	—	—	—	—	1.03	—	1.03	—
Receivables	—	—	—	—	—	—	—	—	—	53.63	—	53.63

Note:

A Names of related parties and description of relationship:

1 Associates

JSB Securities Ltd.
Financial Engineering Solutions Pvt. Ltd.
J.M. Trustee Company Pvt. Ltd.
J.M. Capital Management Pvt. Ltd.

Joint Ventures

JM Morgan Stanley Securities Pvt. Ltd.
Derivative Solutions Pte. Ltd.

2 Key Management Personnel

Mr. Nimesh N. Kampani



J. M. Share & Stock Brokers Ltd.

3 Relatives of Key Management Personnel

Mr. Ashith N. Kampani

4 Enterprise over which Individual in 2 above is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Pvt. Ltd.

JM Morgan Stanley Retail Services Pvt. Ltd.

JM Morgan Stanley Pvt. Ltd.

JM Morgan Stanley Fixed Income Securities Pvt. Ltd.

- B**
- No amount in respect of related parties have been written back during the year.
 - Amount provided during the year for diminution in the value of investments in related parties is Rs.1,40,00,000/- (till date Rs.6,00,00,000/-)
 - Related party relationships have been identified by the Management and relied upon by the Auditors.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2004

ANNEXURE TO POINT NO. 12 TO SCHEDULE K

PARTICULARS	Rs (in Lacs)	
	2003-2004	2002-2003
A Net Profit before tax & extra ordinary items	260.31	3.70
Adjustment for :		
Depreciation	1.78	1.78
Provision for diminution in value of Investments	140.00	45.00
Interest	—	0.81
(Profit)/ Loss on Sale of Investments	(20.65)	(47.53)
Operating Profit before Working Capital Changes	381.44	3.76
Adjustment for :		
Trade & Other Receivables	(1.03)	—
Trade Payables	(13.94)	(47.21)
Cash generated from operations	366.47	(43.45)
Interest paid	—	(0.81)
Direct taxes paid	19.02	(30.22)
Net Cash from Operating Activities	385.49	(74.48)
B Cashflow from Investment Activities		
Purchase of Investments	(807.21)	(99.50)
Sale of Investments	931.96	316.43
Loans & Advances	(399.16)	(43.23)
Net Cash from/(used in) Investment Activities	(274.41)	173.70
C Cashflow from Financing Activities		
Proceeds from issue of Share Capital/Premium	0.07	—
Proceeds from Borrowings	—	21.00
Repayment of Borrowings	—	(21.00)
Dividend paid	(112.48)	(101.92)
Net Cash from/(used in) Financing Activities	(112.41)	(101.92)
Net Increase in cash & cash equivalents	(1.33)	(2.70)
Cash & cash equivalents (opening)	8.29	10.99
Cash & cash equivalents (closing)	6.96	8.29

Note: Considering the Company's activities, Dividend, Interest Income and Lease Rentals are considered as part of Operating Activity of the Company.

For and on behalf of the Board

Nimesh N. Kampani
Chairman



J. M. Share & Stock Brokers Limited

Registered Office: 141, Maker Chambers III, Nariman Point, Mumbai 400 021.

PROXY FORM

DPID: Folio No:

Client ID: No. of Shares held

I/We of
..... in the district of
..... being a Member/Members of the above named Company hereby
appoint of in
the district of or failing him
of in the district of
as my/our proxy to vote for me/us on my/our behalf at the NINETEENTH ANNUAL GENERAL MEETING of
the Company to be held on Monday, August 2, 2004 and at any adjournment thereof.

Signed this day of 2004 Signature.....

Affix
Re. 1/-
Revenue
Stamp

Note: This proxy form duly completed and signed must be deposited at the Registered Office of the Company forty-eight hours before the meeting.



J. M. Share & Stock Brokers Limited

Registered Office: 141, Maker Chambers III, Nariman Point, Mumbai 400 021.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Nineteenth Annual General Meeting — AUGUST 2, 2004

I hereby record my presence at the NINETEENTH ANNUAL GENERAL MEETING of the Company on Monday, August 2, 2004 at 3.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Nariman Point, Mumbai 400 021.

Full name of Member (in BLOCK LETTERS)

DPID: Folio No:

Client ID: No. of Shares held

Full name of Proxy (in BLOCK LETTERS)

Member's/Proxy's Signature

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