

KJMC FINANCIAL SERVICES LTD.

NBFC : No. B-13.01633



July 22, 2016

General Manager

Corporate Finance Department
The Securities and Exchange Board of India
Plot No.C4-A,'G' Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400051.

Dear Sir,



Sub: Request for Informal Guidance by way of an interpretive letter under Securities and Exchange Board of India (Informal Guidance) Scheme, 2003

We furnish the following facts for your opinion on the interpretation of Clause 72(2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009:

1. KJMC Financial Services Limited (hereinafter referred to as "the KJMC") is a Company incorporated under the Companies Act, 1956, having its registered office at Mumbai. The equity shares of the KJMC are listed on the BSE Limited ("BSE").
2. The paid-up capital of the Company as on date is Rs. 4,78,57,400/- consisting of 44,85,740 equity shares of Rs.10/- each fully paid up and 30,000 0% Compulsory Convertible Preference Shares (CCPS) of Rs. 100/- each fully paid up and out of those, 67.03% of equity holding (comprising 30,06,977 equity shares of Rs.10 each) and 100% of 0% CCPS are held by promoters and promoter group entities.
3. During April, 2016, promoter has executed inter-se transfer of equity shares by **way of gift** from Mr. Inderchand Jain promoter of the Company to Mrs. Chanddevi Jain, wife of Mr. Inderchand Jain, Immediate relative and promoters under Regulation 10(1)(a)(i) and 10(1)(a)(ii) of Securities and Exchange Board of India (SAST) Regulations, 2011.

Sr. No	Transferor (Donor)	Transferee (Donee)	No. of equity shares
1.	Mr. Inderchand Jain	Mrs. Chanddevi Jain	1008354

There has been no change in promoter holding pursuant to the above inter-se transfer by way of gift without any considerations between immediate relative and necessary reporting relating to SEBI (SAST) Regulations 2011 and SEBI (Prohibition of Insider Trading) Regulations 2015, have been complied with for aforesaid transfers.

As per section 4 of the Sales of Goods Act, 1930, "Sales Means" "the property in the goods transferred from the seller to the buyer for a price." In our case there is no price involved, hence as per our understanding this transaction is not a "sale", therefore, it will not attract regulation 72(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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CIN : L99999MH1988PLC047873

We are advised that since it is a gift from husband to wife and the transactions is without "price" (without consideration) it does not amount to sale under any circumstances whatsoever. Further as per the provisions of section 47 of Income Tax Act 1961 certain transactions are not regarded as transfers which includes transfer of capital asset (i.e. shares) by way of gift and the capital gain tax is not levied on it.

In view of the above facts and analysis, we are of the view that explanation to regulation 72(2) of SEBI (issue of capital and disclosure requirements) regulations, 2009 are not attracted for the purpose of preferential issue to promoter and part of promoter group entities, that may be proposed by the Company.

4. Guidance sought

"X"
We seek your guidance on applicability of explanatory note to regulation 72(2) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 which reads as under:

"[Explanation.—Where any person belonging to promoter(s) or the promoter group has sold his equity shares in the issuer during the six months preceding the relevant date, the promoter(s) and promoter group shall be ineligible for allotment of specified securities on preferential basis]"

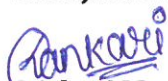
We seek you opinion by way of interpretative letter after considering our facts and submissions as to whether the inter-se transfer by way of gift as stated in paragraph 3 above will be considered as "sale" as envisaged in the regulation 72(2) of the SEBI (issue of capital and disclosure requirements) regulations, 2009, thereby making the promoter(s) and promoter group ineligible for allotment of specified securities on preferential basis.

Enclosed herewith is the demand draft no. 461555 dated July 22, 2016 for Rs. 25,000/- (Rupees Twenty Five Thousand only) in favour of "Securities and Exchange Board of India" drawn on HDFC Bank, towards the fees as specified under clause 6(ii) of the Scheme.

If any further information or clarification required, we shall be pleased to furnish you the same.

Thanking You,

Yours faithfully,
For **KJMC Financial Services Limited**


Sankari Muthuraj
Company Secretary

Contact Details

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