



**JM FINANCIAL ASSET MANAGEMENT PRIVATE
LIMITED**

Annual Accounts 2012-13

AUDITORS' REPORT TO MEMBERS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
 - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

7. We draw attention to note 29 to the financial statements regarding managerial remuneration (commission to non-executive directors) being in excess of limits specified by Schedule XIII to the Companies Act, 1956 by Rs.882,193 in respect of which the Company is in the process of making an application to the Central Government for waiver. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. As required by Section 227(3) of the Act, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)

(A. SIDDHRTH)
(Partner)
(Membership No. 31467)

MUMBAI, 15th MAY, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business/ activities/ results are such that clauses (ii), (vi), (viii), (xi), (xii), (xiii), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company. In respect of other clauses, we report that:

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) All the fixed assets were physically verified during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) The Company has neither granted nor taken loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weakness in such internal control system.
- (iv) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956.
- (v) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vi) According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There are no cases of non-deposit with appropriate authorities of disputed dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess.
- (vii) The accumulated losses of the Company at the end of the financial year are not less than fifty per cent of its net worth. The Company has incurred cash loss during the preceding year but has not incurred any cash loss during the current financial year.
- (viii) Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares, securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (ix) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by Others from banks or financial institutions.
- (x) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long- term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm Registration No. 117366W)

(A. SIDDHRTH)

(Partner)

(Membership No. 31467)

MUMBAI, 15th MAY, 2013

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
Balance Sheet as at 31st March, 2013

	Note No.	Rupees	Rupees	As at 31.03.2012 Rupees
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
Share Capital	2	588,346,520		587,696,520
Reserves and Surplus	3	534,693,666		512,416,390
			1,123,040,186	1,100,112,910
2 Share application money pending allotment				
			-	90,000
3 Non-current liabilities				
Long-term borrowings	4	-		264,826
Long-term provisions	5	11,829,340		11,259,878
			11,829,340	11,524,704
4 Current liabilities				
Trade payables	6	9,132,113		17,152,544
Other current liabilities	7	39,480,623		36,599,774
Short-term provisions	8	7,428,611		894,370
			56,041,347	54,646,688
TOTAL			1,190,910,873	1,166,374,302
II. ASSETS				
Non-current assets				
1 Fixed assets				
(i) Tangible assets	9	43,033,317		51,615,970
(ii) Intangible assets		7,525,157		11,282,337
Non-current investments	10	502,680,487		504,023,659
Long-term loans and advances	11	53,200,264		68,195,940
			606,439,225	635,117,906
2 Current assets				
Current investments	12	88,653,299		312,030,565
Trade receivables	13	11,457,925		13,836,850
Cash and cash equivalents	14	3,628,053		158,519,893
Short-term loans and advances	15	454,562,454		6,387,429
Other current assets	16	26,169,917		40,481,659
			584,471,648	531,256,396
TOTAL			1,190,910,873	1,166,374,302
Notes to the Financial Statements	1 to 30			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For JM Financial Asset Management Private Limited

A. Siddharth
Partner
Mumbai, dated: 15th May, 2013

V. P. Shetty
Chairman

G. M. Rammurthy
Director

Mayuri Datar
Manager and Company Secretary
Mumbai, dated: 15th May, 2013

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March, 2013

	Note No.	Rupees	Previous year Rupees
INCOME			
Revenue from operations	17	178,232,800	210,137,957
Other income	18	110,657,859	92,397,290
TOTAL REVENUE		288,890,659	302,535,247
EXPENDITURE			
Employee benefits expense	19	173,849,364	188,890,164
Finance costs- Interest expense		9,141,975	313,432
Depreciation and amortization expense		12,435,403	17,072,759
Other expenses	20	71,186,641	118,890,483
TOTAL EXPENSES		266,613,383	325,166,838
Profit/ (Loss) before tax		22,277,276	(22,631,591)
<u>Tax Expenses:</u>			
Current tax		-	-
Deferred tax		-	-
Profit/ (Loss) for the year		22,277,276	(22,631,591)
Earning Per Equity Share (Face value of Rs.10/- each)			
Basic and Diluted	25	0.38	(0.39)
Notes to the Financial Statements	1 to 30		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. Siddharth
Partner
Mumbai, dated: 15th May, 2013

For JM Financial Asset Management Private Limited

V. P. Shetty
Chairman

G. M. Rammurthy
Director

Mayuri Datar
Manager and Company Secretary
Mumbai, dated: 15th May, 2013

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2013

	Rupees	Previous year Rupees
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (Loss) for the year	22,277,276	(22,631,591)
Adjustment for:		
Depreciation and amortization expense	12,435,403	17,072,759
Interest income	(96,106,313)	(84,247,292)
Amortization of premium paid on non-current investments (non-trade)	1,343,172	1,346,851
Interest expenses	9,141,975	313,432
Profit on sale of current investments	(13,827,059)	(8,025,308)
Loss on sale/ discard of fixed assets (net)	474,780	2,403,578
Dividend	(480)	-
Operating (loss) before working capital changes	(64,261,246)	(93,767,571)
Adjustment for:		
Decrease in trade receivables	2,378,925	656,527
Decrease/(increase) in long-term loans and advances	1,025,342	(1,898,449)
(Increase)/decrease in short-term loans and advances	(448,175,025)	1,355,325
(Decrease)/increase in trade payables	(8,020,431)	9,712,115
Increase/(decrease) in short term provisions	6,534,241	(437,417)
Increase in long term provisions	569,462	18,339
Increase/(decrease) in other current liabilities	3,536,228	(31,671,730)
Cash (used in) operations	(506,412,504)	(116,032,862)
Direct taxes refunded/ (paid) (net)	13,970,334	(13,573,208)
Net cash (used in) Operating Activities (A)	(492,442,170)	(129,606,070)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of current investments	(1,401,728,339)	(312,030,565)
Sale of current investments	1,638,932,664	380,680,795
Purchase of fixed assets	(869,279)	(5,917,394)
Sale of fixed assets	298,929	834,121
Interest received	110,418,055	73,141,985
Dividend received	480	-
Net cash from Investment Activities (B)	347,052,510	136,708,942
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	560,000	440,000
Proceeds from share application money pending allotment	-	90,000
Proceeds from short term borrowings	1,150,000,000	-
(Repayments) of short term borrowings	(1,150,000,000)	-
Repayment of finance lease obligations	(920,205)	(1,093,800)
Interest paid	(9,141,975)	(313,432)
Net cash (used in) Financing Activities (C)	(9,502,180)	(877,232)
Net (decrease)/ increase in cash and cash equivalents (A)+(B)+(C)	(154,891,840)	6,225,640
Cash and cash equivalents at the beginning of the year	158,519,893	152,294,253
Cash and cash equivalents at the end of the year (Refer note 14)	3,628,053	158,519,893

Note:

Non-cash transaction not considered above:

Allotment of equity shares against share application money pending allotment of Rs. 90,000/- (Previous year Rs. Nil).

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For JM Financial Asset Management Private Limited

A. Siddharth
Partner
Mumbai, dated: 15th May, 2013

V. P. Shetty
Chairman

G. M. Rammurthy
Director

Mayuri Datar
Manager and Company Secretary
Mumbai, dated: 15th May, 2013

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of Preparation of Financial Statements**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India and as per the provisions of the Companies Act, 1956.

b) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actual and estimates are recognised in the period in which the results are known / materialised.

c) Fixed Assets

Fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost less accumulated depreciation and impairment loss, if any.

d) Depreciation

Depreciation is provided on straight line method at the rates arrived on the basis of economic useful lives of the assets estimated by the management. These rates are as follows.

Asset Description	SLM Rates (%)
Office Premises	1.64
Furniture and Fixtures	10
Office Equipments	20
Electrical Fittings	20
Computer Hardware	20

Leasehold improvements are amortised over a period of lease or ten years whichever is lesser.

Assets taken on finance lease are depreciated over a period of lease.

e) Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Computer software is amortised over a period of five years.

f) Impairment Loss

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

g) Investments

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. Provision is made to recognise decline, other than temporary in the carrying amount of long-term investments.

h) Foreign Currency Transactions

Transactions in foreign currency are recorded at rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation/ payment of foreign exchange are accounted in the relevant year as income or expense.

i) Revenue Recognition

Revenue (income) is recognized when no significant uncertainty as to determination or realization exists. Management fee is recognized at specific rates agreed with the relevant schemes applied on the daily net assets of each scheme.

j) Employee Retirement benefits

(a) Post Employment Benefits and Other Long Term Benefits:

Defined Contribution Plan:

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute/ Rules.

Defined Benefit Plans:

In respect of gratuity, provision is made based upon the actuarial valuation done at the end of half year using "Projected unit Credit Method". Major drivers in actuarial assumption, typically, are years of services and employees compensation. Gains and losses on changes in actuarial assumption are charged to the statement of profit and loss.

(b) Short term employee benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered.

k) Borrowing Costs

Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

l) Taxes on Income

Tax expense comprises current tax and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

m) Provision and Contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent liabilities are disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
2. SHARE CAPITAL

	Rupees	As at 31.03.2012 Rupees
Authorised		
93,000,000 Equity Shares of Rs.10/- each	930,000,000	930,000,000
2,000,000 Optionally Convertible Redeemable Preference Shares of of Rs 10/- each	20,000,000	20,000,000
Total	950,000,000	950,000,000
Issued, Subscribed and Paid-up		
58,834,652 (Previous year 58,769,652) equity shares of Rs.10/- each fully paid-up	588,346,520	587,696,520
Total	588,346,520	587,696,520

2.1 Reconciliation of number of shares:

Particulars	Equity Shares			
			As at 31.03.2013	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	58,769,652	587,696,520	58,725,652	587,256,520
Shares issued during the year*	65,000	650,000	44,000	440,000
Shares outstanding at the end of the year	58,834,652	588,346,520	58,769,652	587,696,520

* Company has issued and allotted 65,000 (Previous year 44,000) equity shares to the eligible employees, directors of the Company and directors of JM Financial Trustees Company Limited under Employee Stock Option Plan (ESOP).

2.2 Details of shareholding more than 5%:

Equity Shareholders	As at 31.03.2012			
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:				
JM Financial Limited- Holding Company	31,462,500	53.48%	31,462,500	53.54%
JM Financial & Investment Consultancy Services Private Limited	15,150,000	25.75%	15,150,000	25.78%
Mr. Nimesh N Kampani	3,125,000	5.31%	3,125,000	5.32%
JM Asset Management Private Limited	3,000,000	5.10%	3,000,000	5.10%

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
3. RESERVES AND SURPLUS

	Rupees	Rupees	As at 31.03.2012 Rupees
Securities premium account		1,487,095,440	1,487,095,440
As per last balance sheet			
Balance in the statement of profit and loss			
As per last balance sheet	(974,679,050)		(952,047,459)
Profit/ (Loss) for the year	22,277,276		(22,631,591)
Total		534,693,666	512,416,390

4. LONG-TERM BORROWINGS

	Rupees	As at 31.03.2012 Rupees
Finance lease obligations (Refer note 24)	288,368	1,208,573
Less: Current maturities of finance lease obligations	288,368	943,747
Total	-	264,826

5. LONG-TERM PROVISIONS

	Rupees	As at 31.03.2012 Rupees
For employee benefits - Gratuity (Refer note 22)	11,829,340	11,259,878
Total	11,829,340	11,259,878

6. There are no dues payable to Micro and Small Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER CURRENT LIABILITIES

	Rupees	As at 31.03.2012 Rupees
Current maturities of finance lease obligations (Refer note 24)	288,368	943,747
Employees benefits payable	35,516,057	32,181,630
Commission payable to directors	1,000,000	–
Statutory dues	2,676,198	3,474,397
Total	39,480,623	36,599,774

8. SHORT-TERM PROVISIONS

	Rupees	As at 31.03.2012 Rupees
For employee benefits:		
Gratuity (Refer note 22)	963,179	894,370
Compensated absences	6,465,432	–
Total	7,428,611	894,370

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
9. FIXED ASSETS

Rupees

Description	GROSS BLOCK				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Up to 31.03.2012	For the year	Deductions	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS:										
Owned Assets:										
Office premises (Refer note 9.1)	66,063,108	-	-	66,063,108	35,407,875	589,555	-	35,997,430	30,065,678	30,655,233
Leasehold improvements	17,114,007	-	910,669	16,203,338	16,738,319	335,736	907,730	16,166,325	37,013	375,688
Computers hardware	35,271,526	564,311	945,566	34,890,271	30,015,938	2,838,573	906,926	31,947,585	2,942,686	5,255,588
Furniture and fixtures	27,115,616	-	1,345,532	25,770,084	16,296,991	2,621,881	1,041,556	17,877,316	7,892,768	10,818,625
Electrical fittings	4,785,029	-	10,549	4,774,480	3,535,927	346,372	10,549	3,871,750	902,730	1,249,102
Office equipment	16,951,830	40,700	1,152,519	15,840,011	14,850,443	1,173,132	982,707	15,040,868	799,143	2,101,387
Leased Assets:										
Vehicles on finance lease (Refer note 9.2)	4,968,314	-	3,413,835	1,554,479	3,807,967	637,838	3,284,625	1,161,180	393,299	1,160,347
TOTAL	172,269,430	605,011	7,778,670	165,095,771	120,653,460	8,543,087	7,134,093	122,062,454	43,033,317	51,615,970
Previous year	187,995,509	2,634,411	18,360,490	172,269,430	122,500,919	13,275,332	15,122,791	120,653,460	51,615,970	
INTANGIBLE ASSETS:										
Computer software	45,379,197	264,268	563,787	45,079,678	34,096,860	3,892,316	434,655	37,554,521	7,525,157	11,282,337
TOTAL	45,379,197	264,268	563,787	45,079,678	34,096,860	3,892,316	434,655	37,554,521	7,525,157	11,282,337
Previous Year	42,052,711	3,326,486	-	45,379,197	30,299,433	3,797,427	-	34,096,860	11,282,337	

9.1 Office premises include Rs.500/- (Previous year Rs.500/-) being the cost of shares in Laxmi Finance & Leasing Companies Commercial Premises Co-op. Society Limited received under the By-laws of the Co-op. Society.

9.2 Vendors have a lien over assets taken on finance lease.

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
10. NON-CURRENT INVESTMENT

	Rupees	As at 31.03.2012 Rupees
(Long-term, at cost, fully paid-up) (Non-trade, quoted)		
<u>In debentures and bonds:</u>		
250 (Previous year 250) 8.40% Bond of ONGC Videsh Limited of Rs.1,000,000/- each	250,746,704	251,177,950
250 (Previous year 250) 8.70% Non-Convertible Debentures-2015 of Power Finance Corporation Limited of Rs.1,000,000/- each	251,933,783	252,845,709
Total	502,680,487	504,023,659
10.1 Aggregate book value of quoted investments	502,680,487	504,023,659
Aggregate market value of quoted investments	498,287,000	487,338,500

**11. LONG TERM LOANS AND ADVANCES
(Unsecured and considered good)**

	Rupees	As at 31.03.2012 Rupees
Advance tax (net of provisions for tax)	46,105,388	60,075,722
Security deposits	6,949,928	7,845,218
Staff loans	144,948	275,000
Total	53,200,264	68,195,940

**12. CURRENT INVESTMENT
(At lower of cost and fair value)
(Unquoted)**

	Rupees	As at 31.03.2012 Rupees
5,404,662 (Previous year 4,492,524) units of various schemes of JM Financial Mutual Funds of Rs.10/- each	88,653,299	69,438,415
Nil (Previous year 300) Commercial paper of Muthoot Finance Limited of Rs.500,000/- each	-	145,361,250
Nil (Previous year 1,000) Certificate of deposit with Axis Bank Limited of Rs.100,000/- each	-	97,230,900
Total	88,653,299	312,030,565

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
13. TRADE RECEIVABLES
(Unsecured and considered good)

	Rupees	As at 31.03.2012 Rupees
Over six months from due date	–	–
Others	11,457,925	13,836,850
Total	11,457,925	13,836,850

14. CASH AND CASH EQUIVALENTS

	Rupees	As at 31.03.2012 Rupees
Cash in hand	9,826	2,699
Balances with banks:		
- in current accounts	3,618,227	8,517,194
-in deposit accounts	–	150,000,000
Total	3,628,053	158,519,893

15. SHORT-TERM LOANS AND ADVANCES
(Unsecured and considered good)

	Rupees	As at 31.03.2012 Rupees
Loans and advances to related parties (Refer note 23)	450,000,000	524,199
Prepaid expenses	2,531,865	2,238,399
Staff loans	442,648	495,903
Service tax credit receivable	966,481	2,711,021
Others *	621,460	417,907
Total	454,562,454	6,387,429

* includes advances to vendors, etc.

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****16. OTHER CURRENT ASSETS**

	Rupees	As at 31.03.2012 Rupees
Interest accrued on deposits with banks/ Investments	24,867,999	40,481,659
Interest accrued on loans and advances to related parties (Refer note 23)	1,301,918	–
Total	26,169,917	40,481,659

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
17. REVENUE FROM OPERATIONS

	Rupees	Previous year Rupees
Management fees	178,232,800	210,137,957
Total	178,232,800	210,137,957

18. OTHER INCOME

Interest		
- on non-current Investments (non-trade) (Refer note 18.1)	41,399,828	41,334,999
- on current investments	39,025,845	28,060,559
- on fixed deposits with banks	11,941,150	14,488,069
- on others	3,739,490	363,665
Profit on sale of current investments	13,827,059	8,025,308
Dividend	480	-
Miscellaneous income	724,007	124,690
Total	110,657,859	92,397,290

18.1 Include amortization of premium paid on non-current investments (non-trade) of Rs.1,343,172/- (Previous year Rs.1,346,851/-)

19. EMPLOYEE BENEFITS EXPENSE

Salaries, bonus, other allowances and benefits	167,016,104	180,803,506
Contribution to provident and other funds (Refer note 22)	8,139,213	10,528,873
Staff welfare	2,448,006	2,777,785
	177,603,323	194,110,164
Less: Recoveries	(3,753,959)	(5,220,000)
Total	173,849,364	188,890,164

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
20. OTHER EXPENSES

	Rupees	Previous year Rupees
Lease rent (Refer note 24)	12,025,905	18,875,559
Rates and taxes	692,949	458,695
Electricity expenses	3,578,206	2,679,588
Insurance expenses	3,495,426	4,317,968
Information technology expenses	6,736,465	7,675,370
Legal and professional fees	5,649,824	35,186,940
Communication expenses	2,661,155	3,554,747
Mutual Fund expenses	13,684,707	17,369,161
Motor car expenses	4,834,055	5,947,480
Travelling and conveyance	3,959,630	5,023,705
Manpower expenses	6,907,113	8,142,536
Repairs and maintenance - Others	837,106	824,084
Printing and stationery	910,961	1,136,344
Auditors' remuneration (Refer note 21)	704,000	646,700
Membership and subscriptions	554,837	709,367
Advertisement and other related expenses	102,283	1,133,852
Directors sitting fees and commission	1,715,000	976,750
Loss on sale/ discard of fixed assets (net)	474,780	2,403,578
Miscellaneous expenses	3,591,280	4,498,178
	73,115,682	121,560,602
Less: Recoveries	-1,929,041	(2,670,119)
Total	71,186,641	118,890,483

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
21. Payment to Auditors' (net of service tax):

	Rupees	Previous Year Rupees
Audit Fees	460,000	400,000
In any other manner (Certifications, limited reviews, tax audit, etc.)	240,000	245,000
Out of pocket expenses	4,000	1,700
TOTAL	704,000	646,700

22. Employee Benefits:
Defined Contribution Plan:

Both the employees and the Company make predetermined contributions to the Provident Fund. Amount (net) recognised as expense amounts to Rs.7,276,709/- (Previous year Rs.9,221,806/-).

	Rupees	Previous year Rupees
Defined Benefit Plan: [Gratuity (Unfunded)]		
I. Reconciliation of liability recognised in the Balance Sheet		
Fair value of plan assets as at the end of the year	-	-
Present value of obligation as at the end of the year	12,792,519	12,154,248
Net liability in the Balance Sheet	12,792,519	12,154,248
II. Movement in net liability recognised in the Balance Sheet		
Net liability as at the beginning of the year	12,154,248	12,573,326
Net expense recognised in the statement of profit and loss	2,439,556	2,437,416
Payments during the year	(1,355,229)	(2,563,098)
Liability settled on divestiture	(446,056)	(293,396)
Net liability as at the end of the year	12,792,519	12,154,248
III. Expense recognised in the statement of profit and loss (Under the head employee benefit expenses)		
Current Service Cost	1,724,258	2,137,593
Interest Cost	1,161,809	1,130,625
Past Service Cost	-	-
Actuarial Losses/ (Gains)	(446,511)	(830,802)
Expense charged to statement of profit and loss	2,439,556	2,437,416
IV. Reconciliation of defined benefit commitments		
Commitments at the beginning of the year	12,154,248	12,573,326
Current Service Cost	1,724,258	2,137,593
Interest Cost	1,161,809	1,130,625
Past Service Cost	-	-
Actuarial Losses/ (Gains)	(446,511)	(830,802)
Benefits Paid	(1,355,229)	(2,563,098)
Liability settled on divestiture	(446,056)	(293,396)
Commitments at the year end	12,792,519	12,154,248

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

V. Experience Adjustments #	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
Defined Benefit Obligation	12,792,519	12,154,248	8,513,558	7,730,498	5,506,925
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(12,792,519)	(12,154,248)	(8,513,558)	(7,730,498)	(5,506,925)
Experience Adj. on Plan Liabilities	(1,196,301)	34,370	-	-	-
Experience Adj. on Plan Assets	-	-	-	-	-

disclosed to the extent information available with the Company.

VI. Actuarial Assumptions		Previous year
Mortality table	Indian Assured Lives (2006-08) Ultimate	Standard LIC (1994-96) Ultimate
Discount rate (per annum)	8.10%	8.65%
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

23 Related Party Disclosure:
Names of related parties and description of Relationship

(i) Names of related parties and description of relationship where control exists

Holding Company

JM Financial Limited

(ii) Names of related parties and description of relationship where transactions have taken place

(A) Holding Company

JM Financial Limited

(B) Fellow Subsidiaries

JM Financial Services Limited (formerly known as JM Financial Services Private Limited)

JM Financial Products Limited

JM Financial Institutional Securities Private Limited (formerly known as JM Financial Consultants Private Limited)

JM Financial Properties and Holding Limited (with effect from 25.10.2012)

(C) Enterprises over which individuals owning an interest in the voting power of the reporting enterprise are able to exercise significant influence

Financial Engineering Solutions Private Limited

JM Financial & Investment Consultancy Services Private Limited

JM Financial Trustee Company Limited

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

(iii) *Details of transactions with related parties (net of service tax)*

Name of the related party	Nature of relationship	Rupees	Previous Year Rupees
JM Financial Limited	(A)		
Reimbursement of expenses		2,978,650	14,189,354
Recovery of expenses		-	528,050
Closing balance as at the year end - debit		-	524,199
JM Financial Institutional Securities Private Limited	(B)		
Reimbursement of expenses		2,707	7,518
JM Financial Products Limited	(B)		
Reimbursement of expenses		-	6,378,058
Inter corporate deposits taken		1,150,000,000	-
Inter corporate deposits repaid		1,150,000,000	-
Interest on inter corporate deposits		8,952,055	-
Transfer of Gratuity liability on transfer of employee		63,749	-
Closing balance as at the year end - (credit)		-	(293,396)
JM Financial Services Limited	(B)		
Services received		6,698	178,330
Sale of fixed asset		12,500	-
Closing balance as at the year end - (credit)		(554)	(73,333)
JM Financial Properties and Holding Limited	(B)		
Inter corporate deposits given		450,000,000	-
Interest on inter corporate deposits		1,446,575	-
Closing balance as at the year end - debit		451,301,918	-
Financial Engineering Solutions Private Limited	(C)		
Services received		-	3,401,214
Purchase of fixed assets		-	3,326,486
Transfer of employee liability on transfer of employee		400,000	-
Closing balance as at the year end - (credit)		-	(43,503)
JM Financial & Investment Consultancy Services Private Limited	(C)		
Reimbursement of expenses		28,480	-
JM Financial Trustee Company Limited	(C)		
Recovery of expenses		5,683,000	7,362,069
Transfer of Gratuity liability on transfer of employee		382,307	-

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

- (iv) There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

24. Lease Transactions:
Finance leases

The Company has taken vehicles on finance lease for a period ranges from 36-60 months with an option of prepayment and foreclosure. The minimum lease rentals outstanding as at the year end are as under:

Due	Total Minimum Lease Payments outstanding as at the year end Rupees	Interest expenses Rupees	Present value of the minimum lease payments Rupees
Not later than one year	313,247 (1,044,324)	24,879 (100,577)	288,368 (943,747)
Later than one year and not later than five years	- (288,987)	- (24,161)	- (264,826)
Later than five years	- (-)	- (-)	- (-)
TOTAL	313,247 (1,333,311)	24,879 (124,738)	288,368 (1,208,573)

Figures in brackets are for previous year

Operating leases

The Company has taken office premises on non-cancellable operating lease basis. The tenure of the lease agreements is upto 36 months.

The minimum lease rentals outstanding in respect of these are as under:

	Total Minimum Lease Payments outstanding as at 31st March, 2013	Total Minimum Lease Payments outstanding as at 31st March, 2012
Not later than one year	4,200,000	6,906,135
Later than one year and not later than five years	898,333	5,611,667
Later than five years	-	-
TOTAL	5,098,333	12,517,802

Lease payments recognised in the statement of profit and loss for the year is Rs.6,418,320/- (Previous year Rs.5,086,534/-).

The Company has taken certain assets (Premises and Furniture and Fixtures) on cancellable operating lease for the period ranging from 11 to 60 months with a renewable clause and also provides for termination at will by either of the party by giving a prior notice. Lease payments recognised in the statement of profit and loss for the year in respect thereof aggregate Rs.5,607,585/- (Previous year Rs.13,789,025/-).

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
25. Earning Per Share:

Earnings per share is calculated by dividing the profit/ (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:

Particulars		Previous Year
Profit/ (Loss) attributable to equity shareholders (Rupees)	22,277,276	(22,631,591)
Weighted average number of shares outstanding during the year	58,782,049	58,735,149
Basic and Diluted Earnings per share (Rupees)	0.38	(0.39)
Nominal value per share (Rupees)	10.00	10.00

Note:

The effects of share options under ESOP that could potentially dilute basic EPS in the future are not included in the calculation of diluted EPS as these shares are anti-dilutive for the year's result.

26. Employee benefit expenses include charge on account of compensated absences of Rs.6,542,399/- (Previous year Rs. Nil) pertaining to earlier years.

27. Segment Information:

The Company operates solely as an asset management company in India, hence no segment information has been given.

28. Employee Stock Option Plan/ Employee Stock Option Scheme:

- a) Based on the request made by JM Financial Asset Management Private Limited ('the Company'), JM Financial Limited, in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, has granted its equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 271,146 Stock Options have been granted on 21st April, 2011 and 233,331 Stock Options have been granted on 16th April, 2012. The particulars of vesting of the stock options granted to the Employees are given in the below table.

The option shall be eligible for vesting as per the following schedule:

Vesting Date	Series	No. of Stock Options	Exercise Period	Exercise Price per Option (Rupees)
21st April, 2012	IV	90,382	Seven years from the date of Grant	1
21st April, 2013	IV	90,382	Seven years from the date of Grant	1
21st April, 2014	IV	90,382	Seven years from the date of Grant	1
16th April, 2013	V	77,777	Seven years from the date of Grant	1
16th April, 2014	V	77,777	Seven years from the date of Grant	1
16th April, 2015	V	77,777	Seven years from the date of Grant	1

The current status of the stock options granted to the Employees is as under:

Particulars	Current year	Previous year
	Number of outstanding Options	
Outstanding at the beginning of the year	189,180	-
Granted during the year	233,331	271,146
Lapsed/ forfeited during the year	-	-
Exercised during the year	63,060	-
Transferred out during the year	-	81,966
Expired during the year	-	-
Outstanding at the end of the year	359,451	189,180
Exercisable at the end of the year	-	-

JM FINANCIAL ASSET MANAGEMENT PRIVATE LIMITED
NOTES TO THE FINANCIAL STATEMENTS

The charge on account of the above scheme is included in employee benefit expense aggregating Rs.2,978,650/- (Previous year Rs.2,189,354/-). Since the options are granted by JM Financial Limited, basic and diluted earnings per share of the Company would remain unchanged.

- b) Board of Directors have granted 3,000,000 and 725,000 Equity Stock Options on 24th December, 2007 and 28th April, 2010 respectively to its employees under ESOP to be settled by issue of equity shares.

The option shall be eligible for vesting and exercise as per the following schedule:

Vesting Date	No. of Stock Options	Exercise Period	Exercise Price per Option (Rupees)
27th December, 2008	300,000	Four years from the date of Grant	10
27th December, 2009	600,000	Four years from the date of Grant	10
27th December, 2010	900,000	Four years from the date of Grant	10
27th December, 2011	1,200,000	Four years from the date of Grant	10
28th April, 2011	72,500	Four years from the date of Grant	10
28th April, 2012	145,000	Four years from the date of Grant	10
28th April, 2013	217,500	Four years from the date of Grant	10
28th April, 2014	290,000	Four years from the date of Grant	10

The current status of the stock options granted to the Employees is as under:

Particulars	Current year	Previous year
	Number of outstanding Options	
Outstanding at the beginning of the year	1,697,000	2,065,000
Granted during the year	–	–
Lapsed/ forfeited during the year	223,000	145,000
Exercised during the year	56,000	53,000
Expired during the year	–	170,000
Outstanding at the end of the year	1,418,000	1,697,000
Exercisable at the end of the year	1,418,000	1,697,000

The Company has followed the intrinsic value method to account for the grant of Stock Options. Since the intrinsic value, being the difference between the Net Asset Value and the Exercise Price, is Nil, the grant of options does not have any financial implications. Had the fair value method been followed, profit for the year would have been Rs.22,462,214/- (Previous year loss of Rs.22,884,931/-) as against the reported figure of Rs.22,277,276/- (Previous year loss of Rs.22,631,591/-). The Basis/ Diluted Earnings per share (EPS) would be Re.0.38/- (Previous year Re.(0.38)) as against the reported EPS of Re.0.38/- (Previous year Re.(0.39)). The diluted earnings per share remains unchanged since Stock Options are anti-dilutive.

Following are details with regard to determination of the fair value of Stock Options:

- Option Pricing Model used - Black-Scholes-Merton formula
- Weighted average share price – Rs.10/- per share
- Expected volatility – 0.5
- Option Life – 2.5 years to 5.5 years
- Expected dividends – 10% yield
- Risk-free interest rate – 7.7763% to 7.8471%.

29. The managerial remuneration (Commission to non-executive directors) payable for the year is in excess of the limits specified under Schedule XIII to the Companies Act, 1956 by Rs.882,193/- in respect of which the Company is in the process of making an application to the Central Government for waiver.
30. Previous year's figures have been rearranged and regrouped wherever necessary so as to make them comparable with those of the current year.

For JM Financial Asset Management Private Limited

V. P. Shetty
Chairman

G. M. Rammurthy
Director

Mayuri Datar
Manager and Company Secretary
Mumbai, dated: 15th May, 2013