



**JM FINANCIAL INSTITUTIONAL SECURITIES  
PRIVATE LIMITED**

*Annual Accounts 2012-13*



## **BOARD OF DIRECTORS**

Mr. Nimesh Kampani - Chairman  
Mr. Vishal Kampani  
Ms. Dipti Neelakantan  
Mr. P K Choksi  
Mr. S R Nayak - Whole-Time Director and Chief Financial Officer  
Mr. Paul Zuckerman (*w.e.f. June 12, 2012*)  
Dr. Pravin P Shah (*upto December 3, 2012*)

## **AUDIT COMMITTEE**

Mr. Nimesh Kampani  
Ms. Dipti Neelakantan  
Mr. P K Choksi (*w.e.f. January 18, 2013*)  
Dr. Pravin P Shah (*upto December 3, 2012*)

## **COMPANY SECRETARY**

Mr. Chintal D Sakaria

## **AUDITORS**

M/s. Deloitte Haskins & Sells  
Chartered Accountants  
12, Dr. Annie Besant Road  
Opp. Shiv Sagar Estate  
Worli  
Mumbai: 400 018

## **BANKERS**

HDFC Bank Limited  
Tulsiani Chambers  
Nariman Point  
Mumbai – 400 021

Standard Chartered Bank  
90, M. G. Road,  
Mumbai 400 001

## **REGISTERED OFFICE**

141, Maker Chambers III  
Nariman Point  
Mumbai – 400 021

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED (FORMERLY KNOWN AS JM FINANCIAL CONSULTANTS PRIVATE LIMITED)

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED (FORMERLY KNOWN AS JM FINANCIAL CONSULTANTS 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.

#### Report on Other Legal and Regulatory Requirements

7. 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.
8. 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.

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- (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. Siddharth)**  
**(Partner)**  
**(Membership No. 31467)**

MUMBAI, 14th May, 2013

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 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), (x), (xi), (xii), (xiii), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable. 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. 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 any loans, secured or unsecured, to/from companies, firms or other parties listed 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 with regard to purchases of fixed assets and the sale of services. There have been no purchase of inventory and sale of goods during the year. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of Rs.5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (v) In our opinion, the internal audit function carried out during the year by a firm of Chartered Accountants appointed by the Management has 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 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) Details of dues of Service Tax and Income-tax which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Finance Act, 1994	Service tax and interest	Commissioner of Central Excise and Customs (Appeal)	2002-03 to 2011-12	3,098,340
Income tax Act, 1961	Income tax	Income Tax Appellate Tribunal	2005-06 2007-08	6,437,014 531,540
Income tax Act, 1961	Income tax	Commissioner of Income tax (Appeals)	2009-10	12,797,325

In respect of some income-tax assessment years, there are refunds due as per the returned / assessed income, in excess of the above non-deposits.

There are no other cases of non-deposit with appropriate authorities of disputed dues of Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess.

- (vii) Based on our examination of the records and evaluations 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.
- (viii) 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.

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- (ix) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained
  - (x) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have 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 and on the Company have been noticed or reported during the year.

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

**(A. Siddharth)**  
**(Partner)**  
**(Membership No. 31467)**

MUMBAI, 14th May, 2013

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	Rupees	As at 31.03.2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	326,400,000	363,890,000
Reserves and surplus	3	4,145,809,371	5,492,607,685
		<b>4,472,209,371</b>	<b>5,856,497,685</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	4,002,291	3,423,228
Long-term provisions	5	27,479,447	18,855,722
		<b>31,481,738</b>	<b>22,278,950</b>
<b>Current liabilities</b>			
Short-term borrowings	6	750,000,000	1,000,000,000
Trade payables	7	204,802,011	140,843,479
Other current liabilities	8	137,976,951	101,862,190
Short-term provisions	9	208,219,265	84,536,958
		<b>1,300,998,227</b>	<b>1,327,242,627</b>
<b>Total</b>		<b>5,804,689,336</b>	<b>7,206,019,262</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
	10		
Tangible assets		47,238,700	66,835,555
Intangible assets		9,750,631	6,207,127
Capital work-in-progress		1,798,845	-
		<b>58,788,176</b>	<b>73,042,682</b>
Non-current investments	11	2,080,050,394	2,002,676,962
Deferred tax assets (net)	12	-	4,447,156
Long-term loans and advances	13	650,392,212	718,723,685
		<b>2,789,230,782</b>	<b>2,798,890,485</b>
<b>Current assets</b>			
Current investments	14	-	526,562
Stock in trade	15	-	1,351,382,895
Trade receivables	16	239,783,643	230,495,757
Cash and bank balances	17	835,508,705	2,070,816,100
Short-term loans and advances	18	340,725,497	185,953,207
Assets held for arbitrage business	19	1,584,907,023	542,719,765
Other current assets	20	14,533,686	25,234,491
		<b>3,015,458,554</b>	<b>4,407,128,777</b>
<b>Total</b>		<b>5,804,689,336</b>	<b>7,206,019,262</b>

Notes to the financial statements

1 to 40

In terms of our report attached  
**For Deloitte Haskins & Sells**  
Chartered Accountants

For and on behalf of the Board of Directors

**A. Siddharth**  
Partner

**Company Secretary**

**Chairman**

**Whole-time Director**

**Place : Mumbai**  
**Date : May 14, 2013**

**Place : Mumbai**  
**Date : May 14, 2013**

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013**

	Note No.	Rupees	31st March, 2012 Rupees
<b>Revenue:</b>			
Revenue from operations	21	1,063,320,042	648,015,492
Other income	22	229,082,010	167,666,237
<b>Total Revenue</b>		<b>1,292,402,052</b>	<b>815,681,729</b>
<b>Expenses:</b>			
Sub-brokerage, fees, commission and other direct expenses		104,656,740	280,847,892
Employee benefit expenses	23	614,566,178	282,754,947
Finance costs	24	38,502,379	1,630,396
Depreciation and amortisation expense	10	47,141,865	12,425,608
Other expenses	25	327,089,100	139,663,385
<b>Total expenses</b>		<b>1,131,956,262</b>	<b>717,322,228</b>
<b>Profit before tax</b>		<b>160,445,790</b>	<b>98,359,501</b>
<b>Tax expense:</b>			
Current tax		12,000,000	14,600,000
Minimum alternate tax credit entitlement		(10,500,000)	(14,600,000)
Deferred tax		4,447,156	22,957,830
Tax adjustments in respect of earlier year (net)		944,111	2,851,935
		6,891,267	25,809,765
<b>Profit for the year</b>		<b>153,554,523</b>	<b>72,549,736</b>
<b>Earnings per share:</b>			
	26		
Equity shares of face value of Rs. 10/- each			
Basic		1.10	0.85
Diluted		1.10	0.85
Notes to the financial statements	1 to 40		

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

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

**A. Siddharth**  
Partner

**Company Secretary**

**Chairman**

**Whole-time Director**

**Place : Mumbai**  
**Date : May 14, 2013**

**Place : Mumbai**  
**Date : May 14, 2013**

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	Rupees	Previous Year Rupees
<b>A Net profit before tax</b>	160,445,790	98,359,501
<b>Adjustments for :</b>		
Provision for Doubtful Debts no longer required written back	-	(2,073,155)
Bad Debts written off	-	4,885,498
Sundry credit balances written back	(708,981)	(19,595,710)
Excess provision for expenses in respect of earlier year written back	-	(19,301,002)
Depreciation / amortisation	47,141,865	12,425,608
Dividend income	(90,328,534)	(30,819,570)
Finance cost	38,502,379	1,630,396
Interest income	(45,783,565)	(4,933,833)
(Profit) on sale of fixed assets (net)	(14,229)	(42,280)
Mark to market loss / (profit) on securities held as a result of underwriting	5,648,000	(1,959,605)
Profit on sale of current investments (non-trade)	(2,711,051)	(8,374,476)
Profit on sale of non-investments (non-trade) (net)	(62,589,322)	(78,011,676)
<b>Operating profit/ (loss) before working capital changes</b>	<b>49,602,352</b>	<b>(47,810,304)</b>
Increase in long-term provisions	8,623,725	1,349,605
Increase in trade payables	64,667,513	58,543,006
Increase / (Decrease) in other current liabilities	35,463,322	(265,227,721)
Increase in short term provisions	516,131	2,241,569
Decrease in long-term loans and advances	47,952,964	131,159,047
(Increase) in trade receivables	(9,287,886)	(45,251,428)
Decrease in Stock in trade	1,351,382,895	-
(Increase) in short-term loans and advances	(154,772,290)	(71,058,039)
(Increase) in assets held for arbitrage business	(1,042,187,258)	-
(Increase) in other bank balances	(21,990,000)	-
Decrease in other current assets	2,494,480	9,032,354
<b>Cash generated from / (used in) operations</b>	<b>332,465,948</b>	<b>(227,021,911)</b>
Direct taxes refund / (paid) (net)	17,934,398	(21,704,426)
<b>Net cash generated from / (used in) operating activities</b>	<b>350,400,346</b>	<b>(248,726,337)</b>
<b>B Cash flows from Investing Activities</b>		
Purchase of fixed assets	(32,760,013)	(10,598,490)
Sale of fixed assets	1,117,385	119,625
Purchase of investment in subsidiary company	(277,301,910)	(3,240,500,000)
Purchase of non-current investments	(82,500,000)	(162,468,724)
Purchase of current investments	(14,210,101,266)	-
Sale of non-current investments	345,017,800	415,471,790
Sale of current investments	14,213,338,879	351,288,376
Inter-corporate deposit given	(250,000,000)	-
Inter-corporate deposit refunded	250,000,000	-
Interest Income	48,341,890	4,933,833

	Rupees	Previous Year Rupees
Dividend Income	90,328,534	30,819,570
<b>Net cash generated from / (used in) investing activities</b>	<b>95,481,299</b>	<b>(2,610,934,020)</b>
<b>C Cash flows from financing activities</b>		
Proceeds from issue of preference share capital including premium thereon	-	3,020,040,000
Redemption of preference share capital including premium thereon	(1,349,640,000)	-
Repayment of short-term borrowings (net)	(250,000,000)	-
Interest paid	(38,502,379)	(1,630,396)
Dividend paid - on equity shares (including corporate dividend tax)	(16,271,150)	(162,711,500)
Dividend paid - on preference shares (including corporate dividend tax)	(48,765,511)	-
<b>Net cash (used in) / generated from financing activities</b>	<b>(1,703,179,040)</b>	<b>2,855,698,104</b>
Net (decrease) in cash and cash equivalents	(1,257,297,395)	(3,962,253)
Cash and cash equivalents at the beginning of the year	1,676,431,100	153,381,306
Add: Cash and cash equivalents acquired upon amalgamation	-	1,527,012,047
Cash and cash equivalents at the end of the year (refer note 17)	419,133,705	1,676,431,100

In terms of our report attached

**For Deloitte Haskins & Sells**

Chartered Accountants

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

**A. Siddharth**  
Partner

**Company Secretary**

**Chairman**

**Whole-time Director**

**Place : Mumbai**

**Date : May 14, 2013**

**Place : Mumbai**

**Date : May 14, 2013**

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**

(formerly known as JM Financial Consultants Private Limited)

Notes to the financial statements for the year ended 31st March, 2013

**I. 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 recognized in the period in which the results are known / materialized.

**c) Fixed Assets**

Fixed Assets are recorded at cost of acquisitions or construction. They are stated at historical cost less accumulated depreciation/ amortization and impairment loss, if any.

**d) Depreciation**

Depreciation on fixed assets is provided on the straight line method over the useful lives of assets as under:

Asset	Useful Life
Office Equipments	5 years
Computers	5 years
Motor Vehicles (other than those acquired on finance lease)	5 years
Furniture and Fixtures	10 years
Leasehold Improvement	10 Years

Assets acquired under finance lease are depreciated over the period of lease.  
Assets costing Rs.5,000/- or less are depreciated at 100%.

**e) Intangible assets**

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

**f) Impairment loss**

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). 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 recognize a decline, other than temporary, in the carrying amount of long-term investments.

**h) Revenue Recognition**

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection.

Revenues from Investment Banking Services mainly includes lead manager's fee, selling commission, underwriting commission, fees for mergers, acquisitions and advisory assignments and arranger's fees for mobilizing debt funds. Income is recognised net of service tax. Revenues are considered as earned and recorded when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of the engagement.

Brokerage earned from executing client transactions on the secondary market in “Cash” and “Future and Option” segments are recognized in the accounts on the trade date. Advisory Fees are recognized when the services are determined to be completed.

**i) Arbitrage business**

The Company has adopted the recognition and measurement principles enunciated in 'Accounting Standard 30' (AS-30), 'Financial Instruments; Recognition & Measurement' to the extent it is not inconsistent with the 'Accounting Standards' notified by the Companies (Accounting Standards) Rules 2006, for the arbitrage transactions (Cash-Future Arbitrage and the Index Arbitrage) of the Company, encompassing purchase of equity shares in the cash market and selling the same in the futures market; selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and purchase/sale of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for arbitrage business'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the Statement of Profit and Loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

**j) Securities held as a result of underwriting:**

These securities are valued at lower of cost and market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

**k) Employee Benefits**

**i. 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 every financial 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.

**ii. 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.

**l) 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.

**m) Taxes on income**

Tax expense comprises both current 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 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.

**n) Provisions, Contingent Liabilities & Contingent Assets**

A provision is 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. A contingent liability is 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 INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
Notes to the financial statements for the year ended 31st March , 2013

	Rupees	As at 31.03.2012 Rupees
<b>2 Share capital</b>		
<b>Authorised</b>		
50,020,000 (as at 31st March, 2012, 30,000,000) Equity Shares of Rs 10/- each	500,200,000	300,000,000
43,800,000 (as at 31st March, 2012, 10,000,000) Preference Shares of Rs 10/- each	438,000,000	100,000,000
	<b>938,200,000</b>	<b>400,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
28,000,000 Equity shares of Rs 10/- each fully paid-up	280,000,000	280,000,000
4,640,000 (Previous year 8,389,000) 10% Participating Non-cumulative Redeemable Preference Shares of Rs 10/- each fully paid up	46,400,000	83,890,000
<b>Total</b>	<b>326,400,000</b>	<b>363,890,000</b>

2.1 All the above equity shares are held by JM Financial Limited, the holding Company (including one share jointly held with JM Financial Investment Managers Limited). 10% Participating Non-cumulative Redeemable Preference Shares are held by JM Financial Limited, the holding Company.

2.2 Terms and rights attached to each class of shares:

Equity shares

The Company has only one class of shares i.e. equity. The shareholders are entitled to dividend, as and when declared and approved by the shareholders.

Preference shares

The shareholders are entitled to dividend at the rate of 10% which is non-cumulative. Additionally, the shareholders shall have a right to participate in the profits of the Company to the extent of up to Rs. 10,02,24,000/- (previous year Rs 18,12,02,400/- (equivalent to yield of 6% p.a. on the issue price) and the same is to be disbursed as dividend along with any disbursement of dividend to the equity shareholders. Further, the preference shares are to be redeemed at the option of the Company any time by giving at least 15 days written notice to the shareholders but not later than end of 10 years from the date of allotment i.e. 11th January 2012. The preference shares shall rank in preference to the equity shares of the Company on liquidation, dissolution or winding up of the Company. Further, the holder of the preference shares shall be entitled to vote only on resolutions placed before the Company which directly affect the rights attached to the preference shares.

2.3 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Participating Non-cumulative Redeemable Preference Shares

Opening balance as at the beginning of the year:

Number of shares	8,389,000	-
Amount (Rupees)	83,890,000	-
Add: Issued during the year:		
Number of shares	-	8,389,000
Amount (Rupees)	-	83,890,000
Less: Redeemed during the year::		
Number of shares	3,749,000	-
Amount (Rupees)	37,490,000	-
Closing balance as at the end of the year:		
Number of shares	4,640,000	8,389,000
Amount (Rupees)	46,400,000	83,890,000

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	Rupees	As at 31.03.2012 Rupees
<b>3 Reserves and surplus</b>		
Capital reserve :		
As per last Balance sheet	41,550,003	195,100
Add: On account of scheme of arrangement (refer note 37)	-	41,354,903
	<b>41,550,003</b>	<b>41,550,003</b>
Capital redemption reserve :		
As per last Balance Sheet	45,000,000	45,000,000
Add: Transferred from surplus in Statement of profit and loss	37,490,000	-
	<b>82,490,000</b>	<b>45,000,000</b>
Securities premium account :		
As per last Balance sheet	4,208,910,619	3,590,506,320
Add: Received on issue of preference shares	-	2,936,150,000
Less: Utilised on redemption of preference shares	1,312,150,000	-
Less: Adjustment of Goodwill on account of scheme of arrangement (refer note 37)	-	2,317,745,701
	<b>2,896,760,619</b>	<b>4,208,910,619</b>
General Reserve :		
As per last Balance sheet	138,095,053	130,840,053
Add: Transferred from surplus in Statement of profit and loss	15,400,000	7,255,000
	<b>153,495,053</b>	<b>138,095,053</b>
Statutory Reserve		
As per last Balance Sheet	87,012,195	-
Amalgamation adjustment account squarred off (refer note 37)	(87,012,195)	-
Retained consequent to scheme of arrangement (refer note 37)	-	87,012,195
	<b>-</b>	<b>87,012,195</b>
Amalgamation adjustment account (refer note 37)	-	(87,012,195)
	<b>-</b>	<b>-</b>
Balance in Statement of Profit and Loss:		
As per last Balance sheet	1,059,052,010	1,058,793,935
Add:- Profit for the year	153,554,523	72,549,736
	<b>1,212,606,533</b>	<b>1,131,343,671</b>
Less:- Appropriations:		
Transfer to General Reserve	15,400,000	7,255,000
Transferred to Capital Redemption Reserve	37,490,000	-
Proposed dividend - Equity shares	56,000,000	14,000,000
Corporate dividend tax - Equity shares	9,517,200	2,271,150
Proposed dividend - Preference shares	104,864,000	41,958,752
Corporate dividend tax - Preference shares	17,821,637	6,806,759
	<b>241,092,837</b>	<b>72,291,661</b>
	<b>971,513,696</b>	<b>1,059,052,010</b>
<b>Total</b>	<b>4,145,809,371</b>	<b>5,492,607,685</b>

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	Rupees	As at 31.03.2012 Rupees
<b>4 Long-term borrowings</b>		
Finance lease (Secured by way of hypothecation of vehicles) (refer note 32)		
Finance lease obligation	7,609,993	6,379,491
Less: Current maturities	3,607,702	2,956,263
<b>Total</b>	<b>4,002,291</b>	<b>3,423,228</b>
<b>5 Long-term provisions</b>		
Employee benefits - Gratuity (refer note 34)	27,479,447	18,855,722
<b>Total</b>	<b>27,479,447</b>	<b>18,855,722</b>
<b>6 Short-term borrowings</b> (Unsecured)		
Commercial Papers	750,000,000	1,000,000,000
<b>Total</b>	<b>750,000,000</b>	<b>1,000,000,000</b>
<b>7 Trade payables</b>		
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	204,802,011	140,843,479
	<b>204,802,011</b>	<b>140,843,479</b>

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

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	Rupees	As at 31.03.2012 Rupees
<b>8 Other current liabilities</b>		
Current maturities of finance lease obligations (refer note 4 and 32)	3,607,702	2,956,263
Statutory dues	22,463,927	27,331,113
Employee benefits payable	111,905,322	71,574,814
<b>Total</b>	<b>137,976,951</b>	<b>101,862,190</b>
	Rupees	As at 31.03.2012 Rupees
<b>9 Short-term provisions</b>		
Provision for employee benefits:		
Compensated absences	17,274,900	17,080,035
Gratuity (refer note 34)	2,741,528	2,420,262
Proposed dividend on equity shares	56,000,000	14,000,000
Corporate dividend tax on equity shares	9,517,200	2,271,150
Proposed dividend on preference shares	104,864,000	41,958,752
Corporate dividend tax on preference shares	17,821,637	6,806,759
	<b>208,219,265</b>	<b>84,536,958</b>

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**10 Fixed assets**

Amount in Rupees

Description	Gross block				Depreciation/ amortization					Net block		
	As at 01.04.2012	Additions	Disposals	Acquired on account of scheme of arrangement	As at 31.03.2013	Up to 31.03.2012	For the year	Deductions	Acquired on account of scheme of arrangement	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>a) Tangible assets:</b>												
<b>Owned Assets:</b>												
Office Premises	1,000,000	-	-	-	1,000,000	231,683	16,300	-	-	247,983	752,017	768,317
Furniture and Fixtures	54,534,368	895,218	-	-	55,429,586	28,252,804	18,818,745	-	-	47,071,549	8,358,037	26,281,564
Office Equipments	58,368,172	389,501	139,049	-	58,618,624	48,764,937	5,388,299	111,986	-	54,041,250	4,577,374	9,603,235
Computers	77,445,661	17,152,931	13,154,279	-	81,444,313	62,067,936	8,433,067	12,543,955	-	57,957,048	23,487,265	15,377,725
Leasehold Improvements	41,506,912	282,710	-	-	41,789,622	32,829,697	6,017,217	-	-	38,846,914	2,942,708	8,677,215
<b>Leased Assets:</b>												
Vehicles (refer note 10.1)	10,995,017	5,264,482	1,767,234	-	14,492,265	4,867,518	3,821,684	1,318,236	-	7,370,966	7,121,299	6,127,499
<b>Total</b>	<b>243,850,130</b>	<b>23,984,842</b>	<b>15,060,562</b>	<b>-</b>	<b>252,774,410</b>	<b>177,014,575</b>	<b>42,495,312</b>	<b>13,974,177</b>	<b>-</b>	<b>205,535,710</b>	<b>47,238,700</b>	<b>66,835,555</b>
Previous year	141,920,966	10,448,593	12,136,107	103,616,678	243,850,130	123,134,338	9,666,886	12,058,762	56,272,113	177,014,575	66,835,555	
<b>b) Intangible assets:</b>												
Software	33,353,295	8,206,828	59,336	-	41,500,787	27,146,168	4,646,553	42,565	-	31,750,156	9,750,631	6,207,127
<b>Total</b>	<b>33,353,295</b>	<b>8,206,828</b>	<b>59,336</b>	<b>-</b>	<b>41,500,787</b>	<b>27,146,168</b>	<b>4,646,553</b>	<b>42,565</b>	<b>-</b>	<b>31,750,156</b>	<b>9,750,631</b>	<b>6,207,127</b>
Previous year	18,035,706	1,570,465	-	13,747,124	33,353,295	14,464,267	2,758,722	-	9,923,179	27,146,168	6,207,127	
<b>c) Capital work-in-progress</b>											1,798,845	-
<b>Total</b>	<b>277,203,425</b>	<b>32,191,670</b>	<b>15,119,898</b>	<b>-</b>	<b>294,275,197</b>	<b>204,160,743</b>	<b>47,141,865</b>	<b>14,016,742</b>	<b>-</b>	<b>237,285,866</b>	<b>58,788,176</b>	<b>73,042,682</b>
Previous Year	159,956,672	12,019,058	12,136,107	117,363,802	277,203,425	137,598,605	12,425,608	12,058,762	66,195,292	204,160,743	73,042,682	

10.1 Vendor has lien over the assets taken on lease.

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**11 Non-current investments**

(non-trade)

			As at 31.03.2012	
	Nos. of Units/ Shares	Rupees	Nos. of Units/ Shares	Rupees
<b>Investment in Equity Instruments</b>				
<u>In Subsidiary Companies (Unquoted, fully paid up):</u>				
Ordinary Shares of JM Financial Overseas Holdings Private Limited, Mauritius of US\$ 1 each	12,000,000	602,728,700	7,000,000	325,426,790
<u>In Fellow Subsidiary (Unquoted, fully paid up):</u>				
Equity Shares of JM Financial Services Private Limited of Rs.10/- each	4,500,000	125,000,000	4,500,000	125,000,000
<u>In others companies (Unquoted, fully paid up):</u>				
Equity Shares of National Stock Exchange of India Ltd Rs. 10/- each	193,334	622,563,900	193,334	622,563,900
Equity shares of Bombay Stock Exchange Limited of Re. 1/- each	70,694	10,065,738	70,694	10,065,738
Equity Sahres of The Ratnakar Bank Limited of Rs.10/- each	750,000	82,500,000	-	-
Equity shares of Bran Engineering Private Limited of Rs. 10/- each	180,000	7,799,400	180,000	7,799,400
Equity shares of Teracom Limited of Rs. 10/- each	260,000	81,900,000	260,000	81,900,000
Equity shares of Uttranchal Biodiesel Limited of Rs. 10/- each	1,000	451,125	1,000	451,125
		805,280,163		722,780,163
Less: Provision for diminution		48,596,524		48,596,524
		756,683,639		674,183,639
<u>In other companies (Quoted, fully paid up):</u>				
A Ordinary Shares of TATA Motors Limited of Rs. 2/- each (previous year, Rs. 10/- each)	2,000,000	119,253,624	2,500,000	149,068,624
Patni Computer Systems Limited Equity shares of 2/- each	-	-	84,828	44,540,539
Piramal Enterprises Limited Equity Shares of Rs 2/-each	-	-	74,344	37,512,571
Power Finance Corporation Limited Equity shares of Rs 10/- each	-	-	760,208	154,322,224
Indiabulls Infrastructure and Power Limited of Rs. 2/- each	4,478	-	-	-
TATA Steels Limited Equity shares of Rs 10/- each	117,013	71,377,930	117,013	71,377,930
Hi Tech Plast Limited Equity shares of Rs 10/- each	99,948	5,428,175	150,000	8,146,500
Dhanalaxmi Bank Limited Equity shares of Rs. 10/- each	400,000	41,028,579	400,000	41,028,579
Hinduja Global Solutions Limited Equity shares of Rs. 10/- each	300,000	135,210,299	300,000	135,210,299
Jaicorp Limited Equity shares of Re. 1/- each	1,200,000	476,330,109	1,200,000	476,330,109
Nitesh Estates Limited Equity shares of Rs. 10/- each	4,933,600	132,455,296	4,933,600	132,455,296
Oseaspre Consultants Limited Equity shares of Rs. 10/- each	6,955	92,064	6,955	92,064



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	Rupees	As at 31.03.2012 Rupees
<b>12 Deferred tax assets (net)</b>		
Differences in the tax and books written down value of fixed assets	–	956,856
Provision for compensated absence	–	2,153,783
Provision for gratuity	–	1,336,517
	<b>–</b>	<b>4,447,156</b>
	Rupees	As at 31.03.2012 Rupees
<b>13 Long-term loans and advances</b> (Unsecured and considered good)		
Capital advances	825,000	375,000
Deposits for premises, other deposits etc. (refer note 13.1) [including with related party Nil (as at 31st March, 2012, Rs. 12,000,000) refer note 35]	5,483,659	30,839,077
Staff loans	16,854,587	5,154,737
Loan to Employees' welfare trust	224,000,000	244,500,000
Advance tax (net of provisions)	360,631,374	391,499,945
Advance fringe benefit tax (net)	167,326	177,264
Prepaid expense	293,370	1,135,766
Deposits with stock exchanges	17,025,000	30,430,000
Minimum alternate tax credit entitlement	25,100,000	14,600,000
Margin money with clearing member	11,896	11,896
<b>Total</b>	<b>650,392,212</b>	<b>718,723,685</b>
13.1 Due from private companies where director(s) are director(s)/Member(s) JM Financial & Investment Consultancy Services Pvt. Ltd.	–	12,000,000
	Rupees	As at 31.03.2012 Rupees
<b>14 Current investments</b> (Unquoted, fully paid up)		
<b>Investments in Mutual Funds</b>		
Nil (Previous Year 50,484) JM High Liquidity Fund (Face value of Rs 10/- each)	–	526,562
<b>Total</b>	<b>–</b>	<b>526,562</b>
14.1 Current investment are carried at lower of cost and quoted / fair value, computed category wise.		
	Rupees	As at 31.03.2012 Rupees
<b>15 Stock in trade</b>		
Nil (Previous year 1144) Compulsory convertible debentures of 0% Aditya Birla Minacs Worldwide Ltd 2014	–	1,351,382,895
	<b>–</b>	<b>1,351,382,895</b>



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	Rupees	As at 31.03.2012 Rupees
<b>18 Short-term loans and advances</b>		
(Unsecured)		
Loans and advances to related parties (Refer note 35)	–	9,317,120
Deposits for premises (refer note 18.1) [including with related party Rs. 210,200,000 (as at 31st March, 2012, Rs. 68,000,000) refer note 35]	290,398,210	138,816,500
Staff Loans	9,139,553	1,178,219
Inter-corporate deposit	50,000,000	50,000,000
Prepaid expenses	14,589,868	9,129,740
Prepaid interest on commercial paper	11,424,091	17,108,421
Others (refer note 18.2)	15,173,775	10,403,207
	<b>390,725,497</b>	<b>235,953,207</b>
Less : Provision	50,000,000	50,000,000
<b>Total</b>	<b>340,725,497</b>	<b>185,953,207</b>
18.1 Due from private companies where director(s) are director(s)/Member(s) JM Financial & Investment Consultancy Services Pvt. Ltd.	68,000,000	56,000,000
18.2 Others include service tax credit receivable, advance to employees, etc.		
18.3 Short-term loans and advances:		
Considered good	340,725,497	185,953,207
Considered doubtful	50,000,000	50,000,000
	Rupees	As at 31.03.2012 Rupees
<b>19 Assets held for arbitrage business</b>		
Equity instruments (refer note 19.1)	1,571,209,129	526,234,002
Mark to market margin	13,697,894	16,485,763
	<b>1,584,907,023</b>	<b>542,719,765</b>
19.1 Includes Rs.519,758,680/-(Previous year 206,416,500/-) pledged with stock exchanges towards margin.		
	Rupees	As at 31.03.2012 Rupees
<b>20 Other current assets</b>		
Interest accrued on bank deposits	7,381,686	9,940,011
Securities held as a result of underwriting: 160,000 ( Previous Year 191,181) Equity shares of Axis IT&T Ltd of Rs 5/- each fully paid up	7,152,000	15,294,480
	<b>14,533,686</b>	<b>25,234,491</b>

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	Rupees	31st March, 2012 Rupees
<b>21 Revenue from operations</b>		
Income from Investment banking services	521,112,588	643,520,098
Brokerage	283,836,259	-
Advisory fees	91,048,193	-
<b>Other operating revenues:</b>		
Income from arbitrage business	117,187,034	-
Dividend on equity instruments held for arbitrage business	16,612,405	-
Interest on Fixed Deposit	39,100,912	-
Profit on sale of shares held as result of under writing	70,651	2,535,789
Mark to market (loss) / gain on shares held as result of under writing	(5,648,000)	1,959,605
	<b>167,323,002</b>	<b>4,495,394</b>
<b>Total</b>	<b>1,063,320,042</b>	<b>648,015,492</b>
<b>22 Other income</b>		
Interest income		
On bank deposits	12,778,208	1,644,142
On compulsorily convertible debentures	19,776,095	-
On certificate of deposits (current investments)	-	705,610
Others	13,229,262	2,584,081
	<b>45,783,565</b>	<b>4,933,833</b>
Dividend		
On non-current investments	30,433,818	21,667,052
On current investments	59,894,716	9,152,518
	<b>90,328,534</b>	<b>30,819,570</b>
Profit on sale of investments		
Current (non-trade)	2,711,051	8,374,476
Non-current investments (non-trade) (net)	62,589,322	78,011,676
	<b>65,300,373</b>	<b>86,386,152</b>
Support service fees	18,000,000	-
Profit on sale of fixed assets (net)	14,229	42,280
Exchange difference (net)	-	2,986,634
Sundry credit balances written back	708,981	19,595,710
Provision for doubtful debts no longer required written back	-	2,073,155
Excess provision for expenses in respect of earlier year written back	-	19,301,002
Bad debts written off now recovered	-	742,033
Miscellaneous income	8,946,328	785,868
<b>Total</b>	<b>229,082,010</b>	<b>167,666,237</b>

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	Rupees	31st March, 2012 Rupees
<b>23 Employee benefit expenses</b>		
Salaries, bonus, allowances and other benefits	578,987,680	268,077,434
Contribution to provident fund and other funds	21,303,090	11,456,865
Gratuity (refer note 34)	7,706,688	1,936,436
Staff welfare expense	6,568,720	1,284,212
<b>Total</b>	<b>614,566,178</b>	<b>282,754,947</b>
<b>24 Finance costs</b>		
Interest Expense		
On Leased Loan	1,844,583	1,627,695
On Bank Overdraft facilities	431,914	-
On Commercial Papers	34,644,330	-
Interest – Others	9,510	-
Bank Guarantee Charges	1,572,042	2,701
<b>Total</b>	<b>38,502,379</b>	<b>1,630,396</b>
<b>25 Other expenses</b>		
Electricity	11,032,527	5,038,156
Rent	88,452,261	41,202,792
Rates and taxes, excluding taxes on income	10,449,634	5,802,062
Repairs and maintenance - others	9,551,162	1,950,558
Information Technology Expenses	14,458,467	2,301,641
Insurance	8,141,908	2,623,907
Legal and professional fees	60,118,016	16,998,952
Business Promotion	1,232,764	-
Business Conference Expenses & Seminar	13,215,922	-
Communication Expenses	6,000,748	3,926,912
Subscription and membership	43,675,470	11,030,405
Travelling and conveyance	15,398,219	12,242,180
Manpower Expenses	10,209,652	4,535,554
Support service fee	7,350,000	25,350,000
Research Expenses	914,460	-
Bad debts written off	-	4,885,498
Advertisement	-	2,050,518
Auditors' remuneration	1,611,310	1,066,882
Directors' commission	1,000,000	-
Directors' sitting fees	110,000	-
Donations	7,570,000	4,500,000
Exchange difference (net)	1,043,998	-
Miscellaneous expenses	17,693,107	19,457,102
	329,229,625	164,963,119
Recoveries of expenses	(2,140,525)	(25,299,734)
<b>Total</b>	<b>327,089,100</b>	<b>139,663,385</b>

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**26 Earnings per share:**

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

Particulars	31st March 2012	
Profit after tax (Rupees)	153,554,523	72,549,736
Less: Preference dividend (including tax thereon)	122,685,637	48,765,511
Profit attributable to the equity shareholders for the purpose of basic/diluted earnings per share (Rupees)	30,868,886	23,784,225
Weighted average number of equity shares outstanding during the year for basic earnings per share	28,000,000	28,000,000
Basic/Diluted earnings per share – Rupees	1.10	0.85
Nominal value per share – Rupees	10	10

**27 Contingent Liability and commitments:-**

	As at 31st March 2012	
	Rupees	Rupees
A. Disputed Tax demand where Company has preferred Appeal		
(i) Income Tax demand for A.Y. 2004-2005 to A.Y. 2010-2011 in respect of disallowance in respect of section 14A of the Income tax Act, 1961 and certain other expenses. This also includes demand on account of transfer pricing adjustment.	90,696,023	53,904,032
(ii) Service Tax Demands for periods from 2002-03 to 2011-12 excluding interest in respect of classification of the services and disallowance of CENVAT credit on various exps	3,098,340	3,018,137
B. Estimated liability in respect of Municipal Tax payable to the landlord of the premises taken on lease (disputed by landlord / society)	-	9,058,424
C. Uncalled Liability on account of commitment to subscribe to: ICICI Venture Fund for India Advantage Fund Series II	2,850,000	2,850,000
D. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	1,648,430	375,000

With regards A to above, the Company is hopeful of succeeding and as such does not expect any significant liability to crystallize.

**28 Earnings in Foreign Exchange:**

	31st March, 2012	
	Rupees	Rupees
Income from Investment banking services	200,639,131	48,512,500
Research fees	90,896,003	-
Royalty Income	106,835	-
<b>Total</b>	<b>291,641,969</b>	<b>48,512,500</b>

**29 Expenditure in Foreign Currency:**

		<b>31st March, 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Business Conference Expenses	5,724,075	-
Travelling Expenses	944,860	124,888
Staff Training	-	127,053
Membership and Subscription	12,198,529	976,740
Professional Fees	43,327,217	9,717,180
Others	176,620	1,487,979
Car Hire Charges	93,763	1,682,422
<b>Total</b>	<b>62,465,064</b>	<b>14,116,262</b>

**30 Payments to Auditors (excluding Service Tax):**

		<b>31st March, 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
a) As auditors	1,000,000	650,000
b) Other matters (certification work, limited review etc.)	610,000	410,000
c) Expenses	1,310	1,638
<b>Total</b>	<b>1,611,310</b>	<b>1,061,638</b>

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**

(formerly known as JM Financial Consultants Private Limited)

Notes to the financial statements for the year ended 31st March , 2013

**31 Segment Reporting:**
**a) Primary Segment:**

The Company has identified following two business segments as per Accounting Standard 17 – Segment reporting:-

- i. Investment banking and securities business: This includes advisory and execution services of diverse nature to corporates, institutions, governments, government owned corporations, banks etc. and broking services to institutional clients in secondary market.
- ii. Arbitrage business

(Amount in Rupees)

Particulars	Investment banking and securities business	Arbitrage business	Total
Segment revenue	923,986,385 <i>648,015,492</i>	139,333,657 -	1,063,320,042 <i>648,015,492</i>
Segment results before taxes	(97,675,905) <i>(67,676,340)</i>	113,931,414 -	16,255,509 <i>(67,676,340)</i>
Unallocable corporate income (net)			164,454,808 <i>167,666,237</i>
Finance cost			20,264,527 <i>1,630,396</i>
Profit before tax			160,445,790 <i>98,359,501</i>
Tax expense			6,891,267 <i>25,809,765</i>
Net profit after tax			153,554,523 <i>72,549,736</i>
Other information:			
Segment assets	1,422,655,380 <i>919,472,296</i>	1,703,650,199 <i>599,828,186</i>	3,126,305,579 <i>1,519,300,482</i>
Unallocable corporate assets			2,678,383,757 <i>5,686,718,780</i>
Total assets			5,804,689,336 <i>7,206,019,262</i>
Segment liabilities	574,869,972 <i>91,688,015</i>	750,000,000 <i>184,779,538</i>	1,324,869,972 <i>276,467,553</i>
Unallocable corporate liabilities			7,609,993 <i>1,073,054,024</i>
Total liabilities			1,332,479,965 <i>1,349,521,577</i>
Capital expenditure (including CWIP)	33,990,515 <i>12,019,058</i>	- -	33,990,515 <i>12,019,058</i>
Depreciation	46,315,167 <i>12,425,608</i>	826,698 -	47,141,865 <i>12,425,608</i>

**b) Secondary Segment (by Geographical segments):**

(Amount in Rupees)

Particulars	Domestic	Exports	Total
Revenue	771,678,073 <i>599,502,992</i>	291,641,969 <i>48,512,500</i>	1,063,320,042 <i>648,015,492</i>
	<b>Within India</b>	<b>Outside India</b>	<b>Total</b>
Segment assets	3,099,683,965 <i>1,193,809,928</i>	26,621,614 <i>325,490,554</i>	3,126,305,579 <i>1,519,300,482</i>
Cost incurred on acquisition of fixed assets	33,990,515 <i>12,019,058</i>	- -	33,990,515 <i>12,019,058</i>

Figures in italics are in respect of previous year.

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
Notes to the financial statements for the year ended 31st March , 2013

**32 Leases:**

**a) Finance Lease:**

The Company has acquired vehicles on finance lease. The tenure of the lease agreements ranges between 36 to 48 months with an option of prepayment / foreclosure.

Minimum lease rentals outstanding in respect of these assets are as under:

Amount in Rupees

Due	Total minimum lease payments outstanding as at		Interest not due as at		Present value of the minimum lease payments as at	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Not later than 1 year	4,667,625	3,814,001	1,059,923	857,738	3,607,702	2,956,263
Later than 1 year and not later than 5 years	4,713,029	3,988,724	710,738	565,496	4,002,291	3,423,228
<b>Total</b>	<b>9,380,654</b>	<b>7,802,725</b>	<b>1,770,661</b>	<b>1,423,234</b>	<b>7,609,993</b>	<b>6,379,491</b>

**b) Operating Lease:**

The operating leases for premises are executed for a period ranging from 33 months to 36 months with a renewal clause.

Minimum lease rentals outstanding in respect of non-cancellable operating lease are as under:

Due	Total lease payments outstanding	
	as at 31.03.2013	as at 31.03.2012
Not later than 1 year	111,594,080	53,450,742
Later than 1 year and not later than 5 years	13,859,735	9,844,002
<b>Total</b>	<b>125,453,815</b>	<b>63,294,744</b>
Expense debited to Statement of profit and loss	75,285,818	27,467,292

The Company has taken certain premises on cancellable operating leases. Lease rentals debited to the Statement of Profit and Loss, Rs. 13,166,443/- (previous year, Rs. 13,735,500/-)

**33 Derivative Instruments:**

Company does not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

**a) Amounts receivable in foreign currency on account of the following:**

Particulars	As at 31.03.2013 Amount in (Rs)	As at 31.03.2013 Amount in Foreign Currency	As at 31.03.2012 Amount in (Rs)	As at 31.03.2012 Amount in Foreign Currency
Export of Services (Net)	20,904,556	USD 384,885	2,317,770	USD 45,500
	–	–	1,015,080	GBP 12,000
Expense reimbursement	5,717,058	USD 105,132	63,765	USD 1,299

**b) Amounts payable in foreign currency on account of the following:**

Particulars	As at 31.03.2013 Amount in (Rs)	As at 31.03.2013 Amount in Foreign Currency	As at 31.03.2012 Amount in (Rs)	As at 31.03.2012 Amount in Foreign Currency
Payable	561,066	USD 10,323	6,801,142	USD 133,188
	290,445	SGD 6,640	243,543	SGD 6,005
	82,145	HKD 11,735	–	–
Expense reimbursement	253,272	GBP 3,077	757,270	USD 14,803

**34 Employee benefits**

**Defined Contribution Plan**

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. While both the employees and the Company make predetermined contributions to the provident fund, contribution to the family pension fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate Rs.21,174,315/- (Previous year Rs. 11,456,865/-).

**Defined Benefit Plan**

**Gratuity**

In accordance with Payment of Gratuity Act, 1972 the Company provides for gratuity, a defined benefit retirement plan covering all eligible employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company subject to maximum of Rs.10 lakh. The gratuity benefit is provided through unfunded plan and annual contributions are charged to Statement of Profit and Loss.

	Gratuity (Funded)		Gratuity (Unfunded)	
	Refer note below Rupees	Previous year Rupees	Rupees	Previous year Rupees
I. Reconciliation of liability recognised in the Balance Sheet				
Fair value of plan assets as at the end of the year	-	5,134,764	-	-
Present value of obligation as at the end of the year	-	8,589,588	30,220,975	17,821,160
Net liability in the Balance Sheet	-	3,454,824	30,220,975	17,821,160
II. Movement in net liability recognised in the Balance Sheet				
Net liability as at the beginning of the year			17,821,160	15,352,418
Gratuity liability (transferred upon discontinuation of fund)			8,589,588	-
Net expense recognised in the Statement of Profit and Loss			7,706,688	1,936,436
Contribution during the year				-
Transferred on amalgamation			-	544,968
Liabilities Assumed on Acquisition			759,605	817,486
Liability extinguished on transfer				-
Benefits Paid			(4,656,066)	(830,148)
Net liability as at the end of the year			30,220,975	17,821,160
III. Expense recognised in the Statement of Profit and Loss (Under the head "Employee benefit expenses" Refer Note 23)				

	Gratuity (Funded)		Gratuity (Unfunded)	
	Refer note below Rupees	Previous year Rupees	Rupees	Previous year Rupees
Current Service Cost			2,869,405	1,385,321
Interest cost			2,428,057	1,301,322
Actuarial (Gains)/ Losses			2,409,226	(750,207)
Past Service Cost				0
Expense charged to Statement of Profit and Loss			7,706,688	1,936,436
IV. Reconciliation of defined benefit commitments				
Commitments at the beginning of the year			17,821,160	15,352,418
Gratuity liability (transferred upon discontinuation of fund)			8,589,588	-
Current Service Cost			2,869,405	1,385,321
Interest Cost			2,428,057	1,301,322
Actuarial (Gains)/ Losses			2,409,226	(750,207)
Benefits Paid			(4,656,066)	(830,148)
Liabilities Assumed on Acquisition			759,605	817,486
Transferred on amalgamation			-	544,968
Commitments at the year end			30,220,975	17,821,160
II. Category of Assets as at March 31, 2013				
Insurers Managed Funds	-	100%	-	-

**Note:**

The gratuity scheme with Life Insurance Corporation of India (LIC) in respect of erstwhile transferor company has been closed and the employees are now covered under the gratuity scheme of the Company. The refund of fund balance from LIC to the Company is being processed.

V. Experience history	31-03-2009	31-03-2010	31-03-2011	31-03-2012	31-03-2013
Defined Benefit Obligation	12,087,885	12,859,021	15,352,418	26,410,748	30,220,975
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(12,087,885)	(12,859,021)	(15,352,418)	(26,410,748)	(30,220,975)
Experience Adj. on Plan Liabilities		(3,707,417)	(5,592,862)	852,276	890,271
Experience Adj. on Plan Assets	-	-	-	-	-

VI. Actuarial Assumptions		
Mortality table	LIC (1994-96) Ultimate	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 as certified by the actuary

**Short term employee benefit - Accumulated Compensated Absences:**

The Company provides for accumulated compensated absences as at balance sheet using full cost method to the extent leave will be utilised. Accumulated provision on account of the above is Rs. 17,274,900/- (previous year, Rs 17,080,035/-).

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**

(formerly known as JM Financial Consultants Private Limited)

Notes to the financial statements for the year ended 31st March , 2013

**35 Related party Disclosures:**

Names of related parties where control exists

Holding Company	JM Financial Limited
Subsidiary Companies	JM Financial Overseas Holdings Private Limited, Mauritius
Subsidiaries of subsidiary	JM Financial International Private Limited JM Financial Singapore Pte Limited PT JM Financial Securities Indonesia (from August 15,2012) JM Financial Securities Inc (from November 16,2012)

**Related parties where transaction have taken place during the year**

<b>Relationship</b>	<b>Name of the Party</b>
Holding Company	JM Financial Limited
Subsidiaries	JM Financial Overseas Holdings Private Limited, Mauritius
Fellow Subsidiaries	JM Financial Services Limited (formerly known as JM Financial Services Private Limited) JM Financial Investment Managers Limited JM Financial Asset Management Private Limited JM Financial Products Limited Infinite India Investment Management Private Limited JM Financial Properties and Holdings Limited JM Financial Commtrade Limited
Key Management Personnel	Surendra Nayak (w.e.f.18th May,2012)
Individual exercising significant influence on the reporting enterprise and relatives of the individual	Nimesh Kampani Ashith Kampani Amishi Kampani
Entities over which individual exercising significant influence on the reporting enterprise is able to exercise significant influence	J.M. Financial & Investment Consultancy Services Private Limited Kampani Consultants Limited Capital Market Publishers India Private Limited

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(formerly known as JM Financial Consultants Private Limited)  
Notes to the financial statements for the year ended 31st March , 2013

Name of Related Party	Nature of Transaction	Rupees	31.03.2012 Rupees
JM Financial Limited	Final Dividend on equity/ preference shares paid	55,958,752	140,000,000
	Issue of Preference Shares (including share premium)	-	3,020,040,000
	Purchase of Securities	-	3,023,000,000
	Redemption of Preference Shares (including share premium)	1,349,640,000	-
	Payment of blackberry loan in respect of Employee transferred	2,425	-
	Purchase of Fixed Assets	11,576,700	-
	Recovery of Gratuity Liability in respect of Employee transferred	1,190,445	520,445
	Recovery of Car Lease loan in respect of Employee transferred	540,027	-
	Reimbursement of Expenses Received*	-	639,177
	Service Charges (expense)*	-	18,000,000
	Reimbursement of Expenses Paid*	2,862,558	4,659,870
	Reimbursement of Employee Stock Option cost	70,170,918	33,706,607
	Closing balance - receivable	-	550,848
JM Financial Institutional Securities Private Limited #	Sale of Urban Infrastructure Opportunities Fund Units	Not applicable	132,225,297
	IPO expenses recovered*	Not applicable	9,961,072
	Reimbursement of Expenses Received*	Not applicable	3,155,375
	Recoveries of Expenses*	Not applicable	22,260,103
	Reimbursement of Expenses Paid*	Not applicable	863,294
	Distribution Fees (expense)*	Not applicable	25,564,982
	Service Charges (expense)*	Not applicable	5,974,570
	Brokerage expense in respect of Secondary Market Transaction*	Not applicable	328,057
	Sale Of Fixed Assets	Not applicable	77,345
	Payment of Gratuity Liability in respect of Employee transferred	Not applicable	339,495
JM Financial Overseas Holdings Pvt. Ltd.Mauritius	Subscription to Equity Shares during the year	277,301,910	100,000,000
	Investment in Equity Shares as at the year end	602,728,700	325,426,790
JM Financial Services Ltd. (formerly known as JM Financial Services Pvt. Ltd.)	IPO expenses Recovered	-	9,437,076
	Reimbursement of Expenses Paid*	2,100	2,865,257
	Reimbursement of Expenses Received*	-	1,143,255

Name of Related Party	Nature of Transaction	Rupees	31.03.2012 Rupees
	Distribution Fees (expense)*	-	76,582,075
	Sub- Brokerage expense		
	Primary Market Transaction*	3,886,943	144,415,614
	Investment in Equity Shares as at the year end	125,000,000	125,000,000
	Closing balance - payable	(6,008,612)	(54,169,544)
JM Financial Investment Managers Ltd.	Purchase Of Fixed Assets	-	9,833
	Sale Of Fixed Assets	52,447	-
	Reiumbersement of Car Lease Rental - Paid	418,575	218,761
	Reimbursement of Expenses Received*	67,592	326,583
	Recovery of Gratuity Liability in respect of Employee transferred	-	359,204
	Reimbursement of Petrol of deposit - paid	10,000	-
	Closing balance - receivable	-	359,204
JM Financial Asset Management Pvt. Ltd.	Reimbursement of Expenses Received*	2,707	7,518
JM Financial Ventures Ltd. #	Reimbursement of Expenses Received*	Not applicable	3,101
	Support Service Fees Received*	Not applicable	3,000,000
JM Financial Products Ltd.	Payment of Gratuity Liability in respect of Employee transferred	358,096	-
	Purchase of Securities	-	80,000,000
	Reimbursement of Expenses Paid*	-	135,601
	Reimbursement of Expenses Received*	1,641,973	2,062,171
	Sale of Fixed Assets	473,414	533,816
	Purchase of Fixed Assets	1,780,698	-
	Brokerage received on purchase & sale of securities *	659,131	-
JM Financial Securities Pvt. Ltd. #	Distribution Fees (expense)*	Not applicable	3,650,294
	Reimbursement of Expenses Received*	Not applicable	44,215
Infinite India Investment Management Pvt. Ltd.	Reimbursement of Expenses Received*	464,344	56,455
	Closing balance - receivable	-	1,264,369
J.M. Financial & Investment Consultancy Services Pvt. Ltd.	Reimbursement of Expenses Received*	9,982	74,191
	Payment of Gratuity Liability in respect of Employee transferred	47998	-

Name of Related Party	Nature of Transaction	Rupees	31.03.2012 Rupees
	Rent*	23,949,540	18,430,200
	Reimbursement of Expenses Paid*	4,087,552	4,528,520
	Support Service (expense)*	7,350,000	7,350,000
	Security deposit for rent as at the year end	68,000,000	68,000,000
Kampani Consultants Ltd.	Rent*	3,126,600	3,348,000
	Purchase of Securities	-	37,500,000
	Security Deposit for rent as at the year end	12,000,000	12,000,000
JM Financial Properties and Holdings Ltd.	Rent*	20,931,600	-
	Reimbursement of Expenses Paid*	4,467,690	-
	Security deposit paid	130,200,000	-
	ICD placed	250,000,000	-
	ICD redeemed	250,000,000	-
	Interest income on ICD	828,767	-
	Security Deposit for rent as at the year end	130,200,000	-
JM Financial Commtrade Ltd.	Payment of Gratuity Liability in respect of Employee transferred	24,746	-
	Reimbursement of Expenses Received*	1,273	-
Capital Market Publishers India Pvt Ltd	Subscription charges*	185,357	175,714
Surendra Nayak (w.e.f.18th May ,2012)	Remuneration	5,038,659	-
	Contribution to provident fund	244,568	-
	Closing balance - payable	(450,000)	-
Nimesh Kampani	Advance received	-	11,774
	Advance repaid	-	18,329,050
	Expenses against advance received	-	596,514
Ashith Kampani	Remuneration	2,901,313	9,125,000
	Closing balance - payable	-	(3,125,000)
Amishi Kampani	Remuneration	1,570,000	1,147,581
	Closing balance - payable	(450,000)	(450,000)

\* Figures are excluding service tax.

# These companies have merged with the Company in terms of the scheme of arrangement during the previous year.

**Note:**

There are no provisions for doubtful debts/ advances or amounts written off or written back for debts due from / due to related parties.

**JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED**  
(Formerly known as JM FINANCIAL CONSULTANTS PRIVATE LIMITED)  
Notes to the financial statements for the year ended 31st March, 2013

36 Employee stock option

Based on the request made by 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 the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 50,61,221 stock options have been granted on April 21, 2011 and 45,51,882 have been granted on April 16, 2012.

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

Vesting Date	Options (Nos.)	Status	Exercise Year	Exercise Price (Rupee)
21st April, 2012	1,172,424	Vested	Seven years from the date of Grant	1
21st April, 2013	1,172,424	To be vested	Seven years from the date of Grant	1
21st April, 2014	1,687,074	To be vested	Seven years from the date of Grant	1
16th April, 2013	1,597,782	To be vested	Seven years from the date of Grant	1
16th April, 2014	1,597,782	To be vested	Seven years from the date of Grant	1
16th April, 2015	1,597,782	To be vested	Seven years from the date of Grant	1

The details of stock option granted to employees are as under:

Particulars	Current Year Nos.	Previous Year Nos.
Outstanding at the beginning of the year	3,517,271	-
Granted during the year	4,793,346	3,522,188
Lapsed during the year	487,904	4,917
Exercised during the year	1,100,602	-
Options in respect of employees transferred	62,287	-
In respect of transferor companies	-	-
Outstanding at the end of the year	6,784,398	3,517,271
Exercisable at the end of the year	-	-

The charge on account of the above scheme included in employee benefit expense aggregate Rs.70,170,918/- (Previous year Rs.33,706,607/-). Since the options are issued by JM Financial Limited, the Holding company, basic and diluted earnings per share of the Company would remain unchanged.

- 37 During the previous year, the Scheme of Arrangement (the Scheme) sanctioned by the Hon'ble High Court of Judicature at Bombay had been given effect in the financial statements whereby the assets, liabilities, rights and obligations of certain wholly owned subsidiary companies (transferor companies), as at the end of the previous year, has been transferred to and vested in the Company. The difference between the amount of net assets taken over and the value of investments in the transferor companies being a net goodwill of Rs.2,317,745,701/- was adjusted to the securities premium account.

In the current year, the statutory reserve of Rs. 87,012,195/- of JM Financial Ventures Limited, a Non-Banking Finance company (NBFC) and a transferor company, has been squared off upon surrendering of the NBFC license held by the transferor company.

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- 38** The name of the Company has been changed to JM Financial Institutional Securities Private Limited with effect from 29th May, 2012.
- 39** The current year's figures in the Statement of Profit and Loss are not comparable with those of the previous year in view of the Scheme given effect to as at the end of the previous year as stated in note 37 above.
- 40** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification.

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

**Company Secretary**

**Chairman**

**Whole-time Director**

**Place : Mumbai**

**Date : May 14, 2013**