



JM FINANCIAL INVESTMENT MANAGERS LTD.

Annual Accounts 2012-13

INDEPENDENT AUDITORS' REPORT

The Members
JM Financial Investment Managers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **JM Financial Investment Managers Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of the Company 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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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 requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. 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. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 accepted in India;

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- ii) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date;
and
- iii) In the case of the Cash Flow Statement, the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
- (ii) Further to our comments in the Annexure referred to in Paragraph 5(i) above, as required by section 227(3) of the Act, we report that;
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt herewith comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. On the basis of the written representations received from the Directors as on March 31, 2013 and taken on records by the Board of Directors, we report that none of the Director is disqualified, as on March 31, 2013, from being appointed as Director in terms of section 274(1)(g) of the Companies Act, 1956.

For **Arun Arora & Co.**
Chartered Accountants

Arun Arora
(Proprietor)
Membership No.: A-12018

Place : Mumbai
Date : 16 May 2013

JM Financial Investment Managers Limited

Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed assets have been physically verified by the management at reasonable intervals. As informed, no material discrepancies were noticed on such verification
- (c) The company has not disposed off substantial part of its fixed assets during the year
- (ii) The nature of the business/activities of the company during the year is such that paragraph 4(ii) is not applicable.
- (iii) (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanation given to us, the Company has not accepted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) Based on the audit procedures applied and according to the information and explanations given, there are no transaction which needs to be entered in the register maintained under section 301 of the Companies Act, 1956
- (vi) The company has not accepted any public deposits within the meaning of section 58A and 58AA of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The company is not required to maintain any cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, provident fund and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, were in arrears, as at March 31, 2013 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues on account of income tax, wealth tax, and other statutory dues which have not been deposited on account of any dispute except as mentioned below.

Name of the Status	Nature of dues	Year to which it pertains	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	F.Y 2009-2010	35,98,790	Commissioner of Income Tax (Appeals)-4, Mumbai & Rectification u/s 154 with D.C.I.T. 3(2), Mumbai
Income Tax Act, 1961	Income Tax (T.D.S.)	F.Y 2009-2010 F.Y. 2010-2011	74,521 73,301	Commissioner of Income Tax (Appeals)-14, Mumbai

- (x) The company neither has any accumulated losses at the end of the year nor incurred cash losses during the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) The company has maintained proper records of transactions and contracts in respect of investments in shares, debentures and other securities and timely entries have been made therein. The investments are held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any term loans during the year.
- (xvii) According to the records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets, etc.) and vice versa.
- (xviii) The company has not made any preferential allotment of shares to any parties covered under section 301 of Companies Act 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, during the year company has not issued any secured debenture

- (xx) The company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For **Arun Arora & Co.**
Chartered Accountants

Arun Arora
(Proprietor)
Membership No.: A-12018

Place: Mumbai
Date: 16 May 2013

JM FINANCIAL INVESTMENT MANAGERS LIMITED
 BALANCE SHEET AS AT MARCH 31, 2013

Particulars	Note No.	Rupees	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
a Share Capital	2	18,000,000		18,000,000
b Reserves and Surplus	3	1,325,451,893		1,223,796,578
			1,343,451,893	1,241,796,578
2 Non-current liabilities				
a Long-term borrowings	4	-		62,186
b Long-term provisions	5	85,058,284		53,240,857
			85,058,284	53,303,043
3 Current liabilities				
a Trade payables	6	614,385		1,930,433
b Other current liabilities	7	15,414,694		21,104,372
c Short-term provisions	8	639,536		1,283,513
			16,668,615	24,318,318
Total			1,445,178,792	1,319,417,939
II. ASSETS				
1 Non-current assets				
a Fixed assets				
(i) Tangible assets	9	6,194,695		11,668,345
(ii) Intangible assets		40		107,430
b Non-current investments	10	1,178,938,998		1,208,234,103
c Deferred tax assets (net)	11	5,089,507		4,534,891
d Long-term loans and advances	12	105,213,838		13,998,774
			1,295,437,078	1,238,543,543
2 Current assets				
a Cash and cash equivalents	13	125,879,513		31,154,666
b Short-term loans and advances	14	19,544,904		49,095,872
c Other current assets	15	4,317,297		623,858
			149,741,714	80,874,396
Total			1,445,178,792	1,319,417,939

See accompanying Notes to the financial statements

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board

Arun Arora
 Proprietor
 Membership No. A-12018

Place : Mumbai
 Date: 16 May 2013

JM FINANCIAL INVESTMENT MANAGERS LIMITED

Vishal Kampani
 Chairman

Place : Mumbai
 Date: 16 May 2013

Manish Sheth
 Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	Current year Rupees	Previous year Rupees
I. REVENUE FROM OPERATIONS	16	116,191,457	117,198,669
II. OTHER INCOME	17	88,068,102	67,188,935
III Total revenue (I + II)		204,259,559	184,387,604
IV EXPENES			
Employee benefits expense	18	33,876,247	49,137,914
Finance costs	19	13,579	16,088,303
Depreciation and amortization expense	9	6,186,561	7,647,282
Other expenses	20	52,621,931	100,519,008
Less: Recoveries		(25,549,458)	(23,169,840)
Total expenses		67,148,860	150,222,667
V Profit before tax		137,110,699	34,164,937
Tax expense			
Current tax		36,010,000	19,030,000
Deferred tax		(554,616)	(595,734)
Excess provision for tax in respect of earlier year (net)		-	(2,030,087)
		35,455,384	16,404,179
VI Profit after tax		101,655,315	17,760,758
VII Earnings per share	21	56.48	9.87
Basic/ Diluted			

See accompanying Notes to the financial statements

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board

Arun Arora

Proprietor
Membership No. A-12018

Place : Mumbai
Date: 16 May 2013

Vishal Kampani

Chairman

Place : Mumbai
Date: 16 May 2013

Manish Sheth

Director

JM FINANCIAL INVESTMENT MANAGERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Current Year Rupees	Previous Year Rupees
Profit before Tax	137,110,699	34,164,937
Adjustment for:		
Depreciation	6,186,561	7,647,282
(Profit) / Loss on sale of Investments	(1,714,461)	(7,521,221)
Provision for gratuity	548,683	(958,468)
Provision for / (reversal of) compensated absences	56,112	(947,266)
Provision for clawback obligation	32,163,853	52,145,434
Dividend Income	(64,111,184)	(52,257,823)
Interest Income	(21,880,216)	(7,408,080)
Interest expense	13,579	16,088,303
(Profit) / Loss on sale of assets	(42,872)	138,675
Gratuity paid	(935,616)	-
Leave Encashment paid	(659,582)	-
Operating profit before working capital changes	86,735,556	41,091,773
Adjustment for:		
(Increase)/ Decrease in long term loans and advances	7,439,500	-
(Increase)/ Decrease in short term loans and advances	29,550,967	(12,192,013)
(Increase)/ Decrease in trade payables	(1,316,048)	582,509
(Increase)/ Decrease in other current liabilities	(5,462,369)	(9,974,075)
Cash generated from / (used in) operations	116,947,606	19,508,193
Direct taxes paid	(34,664,559)	(15,847,644)
Net Cash generated from / (used in) operating activities – (A)	82,283,047	3,660,549
Cash flow from Investing Activities		
Purchase of non- current investments	-	(251,709,170)
Sale of non- current investments	30,976,449	218,107,651
Purchase of current investments	(478,393,282)	(746,791,676)
Sale of current investments	478,426,399	746,791,676
Purchase of fixed assets	(802,713)	(195,966)
Sale of fixed assets	240,062	725,695
Inter corporate deposits given	(100,000,000)	(250,000,000)
Inter corporate deposits received back	-	250,000,000
(Increase) / Decrease in Bank Deposits maturing after three months (Refer Note 2- #)	(33,430,000)	(11,499,047)
Interest Income	18,186,777	9,043,370
Dividend Income	64,111,184	52,257,823
Net Cash generated from / (used in) investment activities – (B)	(20,685,125)	16,730,356
Cash flow from Financing Activities		
Proceeds / (Repayment) of long term borrowings	(62,186)	(250,807,958)
Proceeds / (Repayment) of short term borrowings	(227,310)	(360,910)
Inter corporate deposit accepted	-	225,000,000
Inter corporate deposit repaid	-	(225,000,000)
Interest paid	(13,579)	(39,796,521)
Net Cash generated from / (used in) financing activities – (C)	(303,075)	(290,965,389)
Net increase / (decrease) in Cash and Cash equivalents (A +B+C)	61,294,847	(270,574,484)
Cash & cash equivalents (opening)	4,984,666	275,559,151
Cash & cash equivalents (closing)	66,279,513	4,984,666

JM FINANCIAL INVESTMENT MANAGERS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Continued)

Notes

1. The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 - "Cash Flow Statement" notified in Companies (Accounting standards) Rules, 2006 (as amended).

2. Cash and cash equivalents

	As at 31.03.2013	As at 31.03.2012
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	125,879,513	31,154,666
Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 - "Cash Flow Statements") #	(59,600,000)	(26,170,000)
Balance as shown in Cash flow statement (as defined in AS 3 - "Cash Flow Statements")	66,279,513	4,984,666
# Comprises of:		
(a) In deposit accounts with original maturity of more than 3 months	59,600,000	26,170,000
Total	59,600,000	26,170,000

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board
Arun Arora

Proprietor

Membership No. A-12018

Place : Mumbai

Date: 16 May 2013

Vishal Kampani

Chairman

Place : Mumbai

Date: 16 May 2013

Manish Sheth

Director

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and are in compliance with material aspect of the applicable Accounting Standards notified under Companies (Accounting Standards) Rules 2006 (as amended), the relevant provisions of the Companies Act, 1956 (“the Act”). Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known / materialised.

c. Revenue recognition

- i) Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/ collection.
- ii) Dividend income is recognised when the right to receive the dividend is established.
- iii) Interest income is recognised on accrual basis.

d. Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their present location and working condition

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on rates as per management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher, as per the following table:

Asset	Useful Life
Furniture	10 years
Office equipment	5 years
Computers	5 years
Leasehold Improvements	10 years or lease period whichever is lower

Assets costing Rs. 5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

e. Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account.

f. Investments

Investments are classified as long term or current. Long term investments are carried at cost, however, provision for diminution in the value of long-term investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted long-term investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted long-term investments is made as per the Management's estimate. Current investments are carried at lower of cost or fair value.

g. Employee Benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognized in the profit and loss account on an accrual basis.

Defined benefit plan

The Company's liabilities under the Payment of Gratuity Act are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss account as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

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

h. Taxation

Tax expense comprises current tax and deferred tax.

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

Deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

i. Borrowing costs

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

j. Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the profit and loss account.

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

k. Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the profit and loss account. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

l. Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2 SHARE CAPITAL

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
Authorised		
2,000,000 (Previous Year 2,000,000) Equity Shares of Rs 10/- each	20,000,000	20,000,000
	20,000,000	20,000,000
Issued, Subscribed and Paid-up		
1,800,000 (Previous Year 1,800,000) Equity shares of Rs 10/- each fully paid-up	18,000,000	18,000,000
Total	18,000,000	18,000,000

Note: a

Particulars	Equity Shares			
	As at 31.03.2013		As at 31.03.2012	
	Number	`	Number	`
Shares outstanding at the beginning of the year	1,800,000	18,000,000	1,800,000	18,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	1,800,000	18,000,000	1,800,000	18,000,000

Note: b

Out of Equity shares issued by the Company, shares held by each shareholder including its holding company, ultimate holding company and their subsidiaries/associates, holding more than 5 percent shares specifying the number of shares held are as below:

Particulars	Nature of Relationship	As at 31.03.2013		As at 31.03.2012	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:					
JM Financial Limited	Holding Company	1,800,000	100%	1,800,000	100%

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
3 RESERVES AND SURPLUS		
a. Capital Redemption Reserve	2,000	2,000
b. Securities Premium Account	906,600,000	906,600,000
c. Genera Reserve	755,000	755,000
d. Surplus in Profit and Loss Account:		
Opening Balance	316,439,578	298,678,820
(+)Profit for the year	101,655,315	17,760,758
Closing Balance	418,094,893	316,439,578
Total	1,325,451,893	1,223,796,578
4 LONG – TERM BORROWINGS		
Secured:	-	62,186
a. Long Term maturities of finance lease obligations (Secured by way of hypothecation of vehicles)		
Total	-	62,186
5 LONG – TERM PROVISIONS		
For employee benefits – gratuity	748,997	1,095,423
For Clawback Obligations	84,309,287	52,145,434
Total	85,058,284	53,240,857
6 TRADE PAYABLE		
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	614,385	1,930,433
Total	614,385	1,930,433
7 OTHER CURRENT LIABILITIES		
Short term maturities of finance lease obligations (Secured by way of hypothecation of vehicles)	-	227,310
Statutory dues	465,694	2,064,062
Employee benefits payable	14,949,000	18,813,000
Total	15,414,694	21,104,372
8 SHORT- TERM PROVISIONS		
For employee benefits – gratuity	85,263	125,770
For employee benefits – compensated absences	554,273	1,157,743
Total	639,536	1,283,513

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01.04.2012	Additions	Disposals	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
<u>i) TANGIBLE ASSETS:</u>										
<u>Owned Assets:</u>										
Furniture and Fixtures	2,193,133	-	-	2,193,133	995,738	219,313	-	1,215,051	978,082	1,197,395
Office Equipments	4,958,261	3,209	137,023	4,824,447	4,368,470	567,351	137,013	4,798,808	25,639	589,791
Computers	2,926,205	782,254	1,494,512	2,213,947	2,647,958	322,738	1,485,558	1,485,138	728,809	278,247
Leasehold Improvements	14,448,561	17,250	-	14,465,811	10,986,997	2,698,364	-	13,685,361	780,450	3,461,564
Vehicles	11,014,965	-	-	11,014,965	5,130,257	2,202,993	-	7,333,250	3,681,715	5,884,708
<u>Leased Assets:</u>										
Vehicles (refer note below)	615,936	-	615,936	-	359,296	68,437	427,733	-	-	256,640
Total	36,157,061	802,713	2,247,471	34,712,303	24,488,716	6,079,196	2,050,304	28,517,608	6,194,695	11,668,345
<u>ii) INTANGIBLE ASSETS:</u>										
Software	2,957,087	-	149,680	2,807,407	2,849,657	107,365	149,655	2,807,367	40	107,430
Total	2,957,087	-	149,680	2,807,407	2,849,657	107,365	149,655	2,807,367	40	107,430
Total	39,114,148	802,713	2,397,151	37,519,710	27,338,373	6,186,561	2,199,959	31,324,975	6,194,735	11,775,775
Previous Year	42,455,304	195,966	3,537,122	39,114,148	22,363,843	7,647,282	2,672,752	27,338,373	11,775,775	20,091,461

Note: Vendor has lien over the assets taken on lease.

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

10 NON-CURRENT INVESTMENTS

Particulars	As at 31.03.2013		As as 31.03.2012	
	No of units /shares	Rupees	No of units /shares	Rupees
I. Trade Investments				
(a) Investment in Venture capital Fund Units				
<i>Unquoted:</i>				
<i>(Face Value Rs. 100/-)(Fully paid up)(at cost)</i>				
JM Financial India Fund – Scheme A – Class D units	1,841,040	184,103,968	2,599,626	259,962,646
JM Financial India Fund III – Scheme C – Class D units	959,199	95,919,921	379,554	37,955,379
<i>(Face Value Rs. 1/-) (Fully paid up)(at cost)</i>				
JM Financial India Fund – Scheme A – Class C units	364,775	364,775	364,775	364,775
JM Financial India Fund – Scheme B – Class C units	313,097	313,097	313,097	313,097
JM Financial India Fund III – Scheme C – Class C units	60,540	60,540	60,540	60,540
JM Financial India Fund III – Scheme D – Class C units	49,057	49,057	49,057	49,057
JM Financial India Fund (Settlor's Contribution)	NA	10,000	NA	10,000
JM Financial India Fund III (Settlor's Contribution)	NA	10,000	NA	10,000
Total – (I)		280,831,358		298,725,494
II. Other Investments				
(a) Investment in equity instruments				
<i>Quoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
Oseaspre Consultants Ltd	4,250	42,980	4,250	42,980
Technojet Consultants Ltd	4,250	43,056	4,250	43,056
<i>Unquoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
Investment In Subsidiary				
CR Retails Malls (India) Limited	12,403,870	251,246,654	12,403,870	251,246,654
(b) Investments in Mutual Funds				
<i>Unquoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
JM Multi Strategy Fund – Dividend Plan	17,854	234,880	17,854	234,880
JM Equity Fund – Dividend Plan	15,167	227,636	15,167	227,636
(c) Investment in Venture Capital Fund Units				
<i>Unquoted:</i>				
<i>(Face Value Rs. 10,000/-)(at cost)</i>				
JM Financial Property Fund – Class C units (Partly paid up)	75,000	645,310,736	75,000	656,711,705
JM Financial Property Fund – Class B units (Partly paid up)	50	491,698	50	491,698
JM Financial Property Fund – Class B units (Partly paid up)	50	500,000	50	500,000
JM Financial Property Fund (Settlor's Contribution)	NA	10,000	NA	10,000
Total – (II)		898,107,640		909,508,609
Grand Total (I) + (II)		1,178,938,998		1,208,234,103

Notes:

	As at 31.03.2013		As at 31.03.2012	
	Cost	Market Value	Cost	Market Value
1. Aggregate value of	Rupees	Rupees	Rupees	Rupees
Quoted Investments	86,036	85,000	86,036	302,288
2.	The aggregate cost of unquoted investments is Rs. 1,178,852,962/- (Previous Year Rs. 1,208,148,067/-).			
3.	Redemption of units of venture capital fund is at the sole discretion of the trustees to the venture capital fund. However, the contributor can transfer the units with prior approval of the trustees to the venture capital fund.			

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
11 DEFERRED TAX ASSETS (NET)		
Differences in tax and books written down value of fixed assets	4,136,549	3,170,646
Due under finance lease	-	10,660
Provision for leave encashment	179,834	375,630
Provision for Gratuity	249,786	396,216
Expenses allowable under section 35 D	-	58,401
Employee benefits payable	523,338	523,338
Total	5,089,507	4,534,891
12 LONG – TERM LOANS AND ADVANCES		
a. Secured Deposits		
Unsecured, considered good	39,600	7,479,100
	39,600	7,479,100
b. Other Loans and Advances		
Unsecured, considered good		
Inter Corporate Deposits	100,000,000	-
Advance Tax and Tax Deducted at Source (Net of provisions)	5,174,238	6,519,674
	105,174,238	6519674
Total	105,213,838	13,998,774
13 CASH AND CASH EQUIVALENTS		
Cash on hand	30,583	11,303
Bank Balances:		
In Current Accounts	2,248,930	4,973,363
In Deposit Accounts (less than 3 months maturity)	64,000,000	-
	66,279,513	4,984,666
Other Bank Balances	59,600,000	26,170,000
Total	125,879,513	31,154,666
a. “Other Bank Balances” include balances with banks in deposit account (maturing after 12 months)	-	10,600,000
14 SHORT – TERM LOANS AND ADVANCES		
Staff Advances (Unsecured and considered good)	51,419	8,263
Advances recoverable in cash or kind or for value to be received	7,163,985	23,265,774
<i>Security Deposit (Unsecured considered good)</i>		
- To Related Parties	4,900,000	-
- To Others	7,429,500	-
Total	19,544,904	49,095,872
15 OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits	4,317,297	623,858
Total	4,317,297	623,858

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Current Year Rupees	Previous Year Rupees
16 REVENUE FROM OPERATIONS		
Management fees	116,191,457	117,198,669
Total	116,191,457	117,198,669
17 OTHER INCOME		
Dividend	64,111,184	52,257,823
Interest Income	21,880,216	7,408,080
Profit on sale of Investments	1,714,461	7,521,221
Miscellaneous Income	362,241	1,811
Total	88,068,102	67,188,935

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Current Year Rupees	Previous Year Rupees
18 EMPLOYEE BENEFITS EXPENSE		
Salaries, Bonus and Allowances	32,711,481	47,063,331
Contribution to Provident Fund and Other Funds	908,006	1,788,187
Staff Welfare	256,760	286,396
Total	33,876,247	49,137,914
19 FINANCE COST		
Interest Expense	13,579	16,088,303
Total	13,579	16,088,303
20 OTHER EXPENSES		
Rent	6,317,588	5,511,082
Rates and Taxes	183,586	83,206
Insurance Expenses	548,299	580,449
Repairs and Maintenance	439,744	468,264
Communication Expenses	228,309	317,839
Legal and Professional fees	2,224,981	3,310,506
Auditor's Remuneration	544,363	282,021
Membership and Subscription	315,376	1,309,647
Electricity expenses	1,065,958	691,397
Fund Expenses	3,573,729	3,238,282
Donation	1,000,000	1,000,000
Support Service Charges	-	14,850,485
Share of loss in partnership firm	-	12,243,036
Provision for Clawback Obligation	32,163,853	52,145,434
Loss on foreign Exchange Fluctuation	2,272	-
Motor car expenses	1,064,985	1,442,567
Manpower expenses	1,918,373	1,711,969
Miscellaneous expenses	1,030,515	1,332,824
Total	52,621,931	1,00,519,008

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

21 EARNING PER SHARE

Earning 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	As at 31 March 2013	As at 31 March 2012
Profit after tax (Rupees)	101,655,315	17,760,758
Profit attributable to the equity shareholders for the purpose of basic/ diluted earnings per share (Rupees)	101,655,315	17,760,758
Weighted average number of equity shares outstanding during the year for basic/ diluted earnings per share	1,800,000	1,800,000
Basic/ diluted earnings per share – Rupees	56.48	9.87
Nominal value per share – Rupees	10.00	10.00

22 CONTINGENT LIABILITY

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
Clawback obligation towards JM Financial Property Fund I	10,619,698	10,619,698
Contingent liability in respect of income tax demands for various years disputed in appeal	2,321,910	-
Total	12,941,608	10,619,698

23 EXPENDITURE IN FOREIGN CURRENCY

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
Fund Expenses	3,573,729	3,238,282
Legal and Professional Fees	858,446	1,519,914
Conveyance and Refreshment Expenses	6,867	4,758
Total	4,439,042	4,762,954

24 PAYMENTS TO AUDITORS

	As at 31.03.2013 Rupees	As at 31.03.2012 Rupees
a. audit fees	122,500	122,500
b. for taxation matters	400,000	135,000
c. for other services	21,863	24,521
Total	544,363	282,021

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

25 EMPLOYEE STOCK OPTION

During the year, based on the request made by JM Financial Investment Managers 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 the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 1,67,211 stock options have been granted on April 21, 2011 and 3,33,330 have been granted on April 16, 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 following schedule:

Vesting Date	Options (Nos.)	Status	Exercise Year	Exercise Price (Rupee)
21st April 2012	55,737	Vested	Seven years from the date of Grant	1
21st April 2013	55,737	To be vested	Seven years from the date of Grant	1
21st April 2014	55,737	To be vested	Seven years from the date of Grant	1
16th April 2013	111,110	To be vested	Seven years from the date of Grant	1
16th April 2014	111,110	To be vested	Seven years from the date of Grant	1
16th April 2015	111,110	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	98,361	-
Granted during the year	333,330	167,211
Lapsed/transferred during the year	44,261	68,850
Exercised during the year	32,786	-
Outstanding at the end of the year	354,644	98,361
Excercisable at the end of the year	199,998	-

The charge on account of the above scheme included in employee benefit expense aggregate Rs.22,45,707/- (Previous year, Rs. 12,57,081). Since the options are issued by JM Financial Limited, the Ultimate Holding Company, basic and diluted earnings per share of the Company would remain unchanged.

26 SEGMENT REPORTING

a. Primary Segment (by Business segments):

The Company operates in the business of providing asset management and other related services. As such, that is the only reportable business segment as per accounting standard 17 on "Segment Reporting".

b. Secondary Segment (by Geographical segments):

The company operates only in one geographical segment.

27 LEASES

a. Finance Lease

The Company has acquired vehicles under the finance lease agreement. The tenure of lease agreements ranges between 36 and 48 months with an option to prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Finance Lease (Continued)

Particulars	Total minimum lease payment outstanding as at March 31, 2013	Lease finance charges not due as at March 31, 2013	Present value of the minimum lease payment as at March 31, 2013	Total minimum lease payment outstanding as at March 31, 2012	Lease finance charges not due as at March 31, 2012	Present value of the minimum lease payment as at March 31, 2012
Not later than 1 year	-	-	-	256,992	29,682	227,310
Later than 1 year but not later than 5 years	-	-	-	64,248	2,062	62,186
Total	-	-	-	321,240	31,744	289,496

b. Operating Lease

The current office premises of the Company is under operating lease upto July 15, 2013. The company has also taken new office premises under operating lease upto March 31, 2014

Particulars	Total lease payments outstanding as at March 31, 2013	Total lease payments outstanding as at March 31, 2012
Not later than 1 year	4,745,475	5,499,000
Later than 1 year but not later than 5 years	-	1,603,875
Later than 5 years	-	-
Expenditure debited to profit & loss account	6,317,588	5,511,082

28 EMPLOYEE BENEFITS
A. Defined benefit plans
a. Gratuity

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2013	For the year ended March, 31 2012
Present value of the defined benefit obligation at the year end	834,260	1,221,193
Fair value of plan assets	-	-
Net Liability	834,260	1,221,193

Amount recognised in salary, wages and employee benefits in the profit and loss account with respect to gratuity	For the year ended March 31, 2013	For the year ended March, 31 2012
Current service cost	118,295	180,132
Interest on defined obligations	110,426	183,167
Expected return on plan assets	-	-
Net actuarial (gains) / loss recognised during the year	319,962	(398,860)
Past service cost	-	-
Net gratuity cost	548,683	(35,561)

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EMPLOYEE BENEFITS (Continued)

	For the year ended March 31, 2013	For the year ended March, 31 2012
Actual return on plan assets		
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-

	For the year ended March 31, 2013	For the year ended March, 31 2012
Reconciliation of present value of the obligation and the fair value of the plan assets		
Opening defined benefit obligation	1,221,193	2,179,661
Current service cost	118,295	180,132
Interest cost	110,426	183,167
Actuarial (gain) / loss	319,962	(398,860)
Past service cost	-	-
Liability assumed on acquisition / (settled on divestiture)	64,384	(359,204)
Benefits paid	(1,000,000)	(563,703)
Closing defined benefit obligation	834,260	1,221,193

	For the year ended March 31, 2013	For the year ended March, 31 2012
Change in fair value of plan assets		
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	1,000,000	563,703
Benefits paid	(1,000,000)	(563,703)
Closing fair value of the plan assets	-	-

	For the year ended March 31, 2013	For the year ended March, 31 2012
Investment details of plan assets		
Investment details of plan assets	-	-

	For the year ended March 31, 2013	For the year ended March 31, 2012
Principal actuarial assumptions at the balance sheet date		
Discount rate	8.10%	8.65%
Estimated rate of return on plan assets	0%	0%
Retirement age	60 years	60 years
Salary escalation	7.00%	7.00%

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EMPLOYEE BENEFITS (Continued)

Valuation assumptions

- The estimates of future salary increases, takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b. Compensated absences

As per Company policy, provision of Rs 56,112/- has been made (previous year provision reversed of Rs 9,47,266/-) towards compensated absence carry forward on actual basis. Provision for compensated absence as at March 31, 2013 is Rs. 5,54,273/- (previous year Rs. 11,57,743/-).

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident fund & other funds' Rs. 9,08,006 (previous year Rs. 17,88,187).

29 RELATED PARTY TRANSACTIONS

Disclosure in respect of Related parties pursuant to Accounting Standard 18:-

A. List of Related Parties:

- i) Holding Company
JM Financial Limited
- ii) Subsidiaries
CR Retail Malls (India) Limited
- iii) Fellow Subsidiaries
JM Financial Products Limited
Infinite India Investment Management Private Limited
JM Financial Institutional Securities Private Limited (Formerly known as JM Financial Consultants Private Limited)*
JM Financial Properties and Holdings Ltd (Formerly known as JM Financial GILTS Limited)
JM Financial Institutional Securities Private Limited *
JM Financial Ventures Limited *

(**Note:*** JM Financial Institutional Securities Pvt Ltd and JM Financial Ventures Limited had been merged with JM Financial Consultant Pvt Ltd and subsequently the name of JM Financial Consultant Pvt Ltd has changed as JM Financial Institutional Securities Pvt Ltd)

- iv) Key Management Personnel and relatives
Nimesh N Kampani
- v) Enterprise over which individuals or key management personnel exercising control or significant influence by way of voting power in reporting enterprise along with relatives have significant influence

J.M. Financial and Investment Consultancy Services Private Limited

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

B. Related Party Transactions

The details of transactions entered into by the Company with the related parties, during the year under consideration, required to be disclosed pursuant to Accounting Standard (AS-18), issued by the Institute of Chartered Accountants of India, pertaining to 'Related Party Disclosure' are as under:

Name of Related Party	Relationship	Nature of Transaction	2012-13	2011-12
JM Financial Limited	Holding Company	Support Service Charges paid	-	12,000,000
		ESOP Charges	2,245,707	1,257,081
		Gratuity Liability in respect of Employee transfer	64,384	-
		Purchase of Asset	62,546	-
		Expenses Reimbursed	2,565	-
		Closing Balance receivable / (payable)	-	-
CR Retail Malls (India) Limited	Subsidiary	Inter Corporate Deposit given	100,000,000	-
		Interest received on above	5,490,411	-
		Closing Balances receivable	100,000,000	-
Infinite India Investment Management Pvt Ltd	Fellow Subsidiaries	Expenses recovered	52,112	257,742
		Expenses reimbursement (Purchase of Investment)	-	4,518,023
		Closing Balance receivable / (payable)	-	-
JM Financial Institutional Securities Pvt Ltd (formerly known as JM Financial Consultants Private Limited)	Fellow Subsidiaries	Reimbursement of car Lease Rental	418,576	218,761
		Petrol Deposit Recovered	10,000	-
		Purchase of Fixed Assets	52,447	-
		Reimbursement of Expenses paid	67,592	326,583
		Assets transferred	-	9,833
		Gratuity Liability transferred in respect of employee transfer	-	359,204
JM Financial Institutional Securities Pvt Ltd	Fellow Subsidiaries	Support Service Charges paid	-	2,850,485
		Reimbursement of Expenses paid	-	2695
J.M. Financial & Investment Consultancy Services Pvt Ltd	Companies where Key Managerial Personnel alongwith relatives has significant influence	Expenses Reimbursement	248,360	231,472
		Closing Balance receivable / (payable)	-	-
JM Financial Ventures Limited	Fellow Subsidiaries	Inter Company Deposit received and repaid	-	225,000,000
		Interest paid on above	-	1,109,589
		Sale of Investment	-	191,710,299
		Closing Balance receivable / (payable)	-	-
JM Financial Products Limited	Fellow Subsidiaries	Inter Company Deposit given and repaid	-	250,000,000
		Interest received on above	-	998,288
		Closing Balance receivable / (payable)	-	-
JM Financial Properties and Holdings Limited	Fellow Subsidiaries	Deposit paid for Premises	4,900,000	-
		Expenses paid	953,038	-
		Closing Balance receivable / (payable)	4,900,000	-

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Related Party Transaction (Continued)

Name of Related Party	Relationship	Nature of Transaction	2012-13	2011-12
Stellar Investments	Partnership	Investment in Partnership	-	9,800,000
		Share of Profit / (Loss)	311,564	(12,243,036)
		Current Account – Amount paid	-	80,500,000
		Current Account – Amount received back	-	52,500,000
		Closing Balance receivable / (payable)	-	25,821,835

30 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure

In terms of our report attached
For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board

Arun Arora
Proprietor
Membership No. A-12018

Place : Mumbai
Date: 16 May 2013

Vishal Kampani
Chairman

Place : Mumbai
Date: 16 May 2013

Manish Sheth
Director