



JM Financial Commtrade Limited

Annual Accounts 2014

Corporate Identification Number: U51100MH2005PLC153110
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INDEPENDENT AUDITOR'S REPORT

To
The Members of
JM FINANCIAL COMMTRADE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JM FINANCIAL COMMTRADE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 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 misstatement, 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 requirements 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 amounts and 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we enclose in the Annexure a statement on the matters Specified in paragraphs 4 and 5 of the Order.
2. 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 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 account;
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 274(1)(g) of the Act;

For and on behalf of
KhimjiKunverji & Co
Chartered Accountants
Firm Registration No 105146W

Hasmukh B Dedhia
Partner (F – 33494)
Place: Mumbai
Date: April 23, 2014

Annexure to the auditors' report
JM FINANCIAL COMMTRADE LIMITED

- (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 interval. 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) (a) Inventories being securities held in course of trading have been held in dematerialised form and are verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of securities followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of securities and no discrepancies were noticed on physical verification of securities as compared to book records.
- (iii) The Company has neither taken nor granted loan to parties covered in the register maintained under Section 301 of the Act; hence clause (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas
- (v) Based on the audit procedures applied and according to the information and explanations provided, there are no transactions which needs to be entered in the register maintained under Section 301 of the Act
- (vi) The Company has not accepted any deposits from the public; hence clause (vi) of the Order is not applicable to the Company
- (vii) The Company did not have formal internal audit system during the year. According to management, considering the size of operations and the internal control existing, the Company did not deem it necessary to have formal internal audit system during the year
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Income tax, Service tax, Cess and other material statutory dues applicable to it. There were no arrears of such statutory dues as at March 31, 2014 for a period of more than six months from the date they became payable.

We have been informed that Employees' state insurance, Investor education and protection fund, Wealth tax, Sales tax, Custom duty and Excise Duty are currently not applicable to the Company.
- (b) According to the information and explanations given, there are no dues of Provident fund, Income tax, Service tax and Cess which have not been deposited on account of any dispute.

We have been informed that Sales tax, Wealth tax, Custom duty and Excise Duty are currently not applicable to the Company.
- (x) In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities

- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society; hence clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) In respect of dealing/trading in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments have been held by the Company in its own name.
- (xv) According to the information and explanations given, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (xvi) According to the information and explanations given, the Company has not raised any term loans; hence clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given, the Company has not issued any debentures; hence clause 4(xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instances of fraud on or by the Company, noticed or reported during the course of our audit nor have we been informed of such case by the management.

For and on behalf of
KhimjiKunverji & Co
Chartered Accountants
Firm Registration No 105146W

Hasmukh B Dedhia
Partner (F – 33494)
Place: Mumbai
Date: April 23, 2014

JM FINANCIAL COMMTRADE LIMITED

BALANCE SHEET AS AT MARCH 31, 2014

	Note No	As at 31st March, 2014 Rupees	As at 31st March, 2013 Rupees
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	B.1	235,000,000	75,000,000
(b) Reserves and Surplus	B.2	(179,907,955)	(28,664,305)
		55,092,045	46,335,695
(2) Non-Current Liabilities			
Long term provisions	B.3	266,445	222,462
(3) Current Liabilities			
(a) Short-term borrowings	B.4	-	219,514,201
(b) Trade payables	B.5	54,068,631	278,363,597
(c) Other current liabilities	B.6	836,516	3,762,986
(d) Short-term provisions	B.7	279,618	291,070
		55,184,765	501,931,854
Total		110,543,255	548,490,011
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	B.8	42,965	106,946
(ii) Intangible assets	B.8	722,797	1,156,948
		765,762	1,263,894
(b) Long term loans and advances	B.9	5,877,131	4,593,404
		6,642,893	5,857,298
(2) Current assets			
(a) Assets held for arbitrage		-	247,128,453
(b) Trade receivables	B.10	2,684,826	119,333,833
(c) Cash and Bank Balance	B.11	79,053,272	110,802,483
(d) Short-term loans and advances	B.12	21,553,623	64,090,040
(e) Other current assets	B.13	608,641	1,277,904
		103,900,362	542,632,713
Total		110,543,255	548,490,011
Significant Accounting Policies and Notes to Financial Statements	A & B		

The accompanying notes form an integral part of the financial statements

As per our attached Report of even date

For KhimjiKunverji& Co.

Chartered Accountants

Firm Registration No. 105146W

For and on behalf of the Board of Directors of

JM Financial Commtrade Ltd.

Hasmukh B Dedhia

Partner

Membership No. 33494

Rajeev Chitrabhanu

Director

Prashant Choksi

Director

Hemant Pandya

Company Secretary

Place : Mumbai

Dated : April 23, 2014

Place : Mumbai

Dated : April 23, 2014

JM FINANCIAL COMMTRADE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Note No	Current year Rupees	Previous year Rupees
I. Revenue from operations	B.14	41,876,214	74,829,183
II. Other Income	B.15	118,689	874,048
III. Total Revenue (I +II)		41,994,903	75,703,231
<i>IV. Expenses:</i>			
Sub Brokerage, Transaction Costs and Other Direct Expenses		4,874,045	15,347,696
Employee benefit expense	B.16	7,767,767	8,137,972
Financial costs	B.17	17,355,916	20,666,790
Depreciation and amortisation expense		578,132	529,056
Receivable from National Spot Exchange Limited ('NSEL') written off		154,264,259	-
Other expenses	B.18	7,738,263	4,043,057
Total Expenses		192,578,382	48,724,571
V. Profit before tax (III - IV)		(150,583,479)	26,978,660
VI. Tax expense:			
(1) Current tax		-	5,416,078
(2) Tax adjustment of Earlier Year		660,171	-
Total		660,171	5,416,078
VII. Profit for the period (V -VI)		(151,243,650)	21,562,582
VIII. Earning per equity share:			
(1) Basic		(30.25)	4.31
(2) Diluted		(11.73)	2.88
Significant Accounting Policies and Notes to Financial Statements	A & B		

The accompanying notes form an integral part of the financial statements

As per our attached Report of even date

For KhimjiKunverji & Co.

Chartered Accountants

Firm Registration No. 105146W

For and on behalf of the Board of Directors of

JM Financial Commtrade Ltd.

Hasmukh B Dedhia

Partner

Membership No. 33494

Rajeev Chitrabhanu

Director

Prashant Choksi

Director

Hemant Pandya

Company Secretary

Place : Mumbai

Dated : April 23, 2014

Place : Mumbai

Dated : April 23, 2014

JM FINANCIAL COMMTRADE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	For the year ended March 31, 2014 In Rupees	For the year ended March 31, 2013 In Rupees
A Cash flow from operating activities		
Profit before tax	(150,583,479)	26,978,660
Adjustment for:		
Depreciation	578,132	529,056
Provision for doubtful debts	196,516	92,838
Provision for gratuity	120,544	111,454
Provision for/(reversal of) compensated absences	41,678	135,298
Dividend income	(91,902)	(2,823)
Interest income	(26,559)	-
Interest expense	16,296,732	20,435,908
Operating profit before working capital changes	(133,468,338)	48,280,391
Adjustment for:		
(Increase)/decrease in assets held for arbitrage	247,128,453	(247,128,453)
(Increase)/decrease in trade receivables	116,452,491	(117,072,428)
(Increase)/decrease in short-term loans and advances	42,536,417	(1,741,214)
(Increase)/decrease in long-term loans and advances	13,000	(800,000)
(Increase)/decrease in other current assets	669,263	(1,165,384)
(Increase)/decrease in other Bank Balances	29,600,000	(69,825,000)
Increase/(decrease) in long term provisions	43,983	132,452
Increase/(decrease) in short term provisions	(11,452)	121,439
Increase/(decrease) in short term borrowing	(219,514,201)	219,514,201
Increase/(decrease) in trade payables	(224,294,966)	207,147,121
Increase/(decrease) in other current liabilities	(3,088,692)	1,371,788
Cash generated from/(used in) operations	(143,934,042)	38,834,912
Direct taxes paid	(1,956,898)	(5,638,013)
Net cash from/(used in) operating activities	(145,890,940)	33,196,899
B Cash flow from investing activities		
Purchase of non-current investments	(20,691,902)	(2,824)
Sale of non-current investments	20,691,902	493,484
Purchase of fixed assets	(80,000)	(658,427)
Interest Income	26,559	-
Dividend Income	91,902	2,823
Net cash from/(used in) investment activities	38,461	(164,944)
C Cash flow from financing activities		
Proceeds from issue of share capital - Preference	160,000,000	-
Interest paid	(16,296,732)	(20,435,908)
Net cash from/(used in) financing activities	143,703,268	(20,435,908)
Net increase/(decrease) in Cash and cash equivalents	(2,149,211)	12,596,048
Cash & cash equivalents (opening)	22,602,483	10,006,435
Cash & cash equivalents (closing)	20,453,272	22,602,483

As per our attached Report of even date

For KhimjiKunverji& Co.
Chartered Accountants
Firm Registration No. 105146W

**For and on behalf of the Board of Directors of
JM Financial Comtrade Ltd.**

Hasmukh B Dedhia
Partner
Membership No. 33494

Rajeev Chitrabhanu
Director

Prashant Choksi
Director

Hemant Pandya
Company Secretary

Place : Mumbai
Dated : April 23, 2014

Place : Mumbai
Dated : April 23, 2014

JM FINANCIAL COMMTRADE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

A. SIGNIFICANT ACCOUNTING POLICIES
1. Accounting Convention

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs), to the extent applicable.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. Accounting Policies not specifically referred to otherwise, are consistent with generally accepted accounting principles.

2. 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.

3. Revenue Recognition

Revenue is recognised when no significant uncertainty as to measurability or collectibility exists.

Revenue from Broking income is recognised on contract date.

Revenue from trading in securities is recognized on trade date of transaction net of securities transaction tax.

Dividend income on investments is accounted for when the right to receive the payment is established.

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

Asset	Useful Life
Office Equipments	5 years
Computers	5 years
Computer Softwares	5 years
Motor Vehicles	5 years
Furniture and Fixtures	10 years

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.

5. Investments

Investments are classified as non-current (long term) or current. Non-current (long term) investments are carried at cost, however, provision for diminution in the value of non-current (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 non-current (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 non-current (long term) investments is made as per the Management's estimate. Current investments are carried at lower of cost or market value.

6. Arbitrage business

The Company enters into transactions in the commodity arbitrage.

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 of the Company in MCX and NCDEX, encompassing purchase of commodities in the cash market and selling the same in the futures market. 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 Profit and Loss account and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

The Company also enters into transactions in the National Spot Exchange encompassing purchase of commodities in the spot market in the near month and sale in the future month. The closing stock in respect of such transactions are valued at cost based on the "firm sales" concept per Accounting Standard 2.

7. Retirement and other employee benefits

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Gratuity liability is defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

8. Taxation

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

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realised. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

9. Provisions, Contingent Liabilities & 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.

B. Notes to the financial statements

1. Share capital

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Authorised:		
6,000,000 (Previous year 5,000,000) Equity Shares of Rs.10/- each	60,000,000	50,000,000
19,000,000 (Previous year 2,500,000) Redeemable Preference Shares of Rs.10/- each	190,000,000	25,000,000
16,000,000 (Previous year Nil) 6% Optionally convertible Non Cumulative Redeemable Preference Shares of Rs.10/- each		-
	250,000,000	75,000,000
Issued, Subscribed and Paidup:		
5,000,000 (Previous year 5,000,000) Equity Shares of Rs.10/- each fully paid-up	50,000,000	50,000,000
2,500,000 (Previous year 2,500,000) 9% Non Cumulative Redeemable Preference Shares of Rs.10/- each fully paid-up	25,000,000	25,000,000
16,000,000 (Previous year Nil) 6% Optionally convertible Non Cumulative Redeemable Preference Shares of Rs.10/- each fully paid-up	160,000,000	-
Total	235,000,000	75,000,000

Notes:

- 1
 - a) 5,000,000 Equity Shares, 2,500,000 9% Non Cumulative Redeemable Preference Shares are held by JM Financial Services Limited & its nominees.
 - b) 11,000,000 6% Optionally convertible Non Cumulative Redeemable Preference Shares are held by JM Financial Investment Managers Limited
 - c) 5,000,000 6% Optionally convertible Non Cumulative Redeemable Preference Shares are held by Infinite India Investment Management Pvt. Ltd.
- 2 The Company has an option to convert all or a part of the 9% Non Cumulative Redeemable Preference Shares outstanding into fully paid up Equity Shares of the Company at any time after three months from the date of allotment of the Preference Shares by giving to the Preference Shareholders a three days notice in writing.
- 3 The Preference Shareholders have an option to redeem the 9% Non Cumulative Redeemable Preference Shares at any time after three months from the date of allotment of the Preference Shares by giving to the Company three days notice in writing.
- 4 The holder(s) of the OCPS shall have an option to convert all or a part of the OCPS outstanding, into fully paid Equity Shares of the Company at any time after the completion of three months from the date of allotment of OCPS by giving to the Company a five days' notice in writing. The holder(s) of the OCPS shall be entitled, upon conversion, to receive one Equity Share of the Company for each OCPS presented for conversion.
- 5 The Company shall have a right to redeem OCPS either fully or partly, in tranches, any time within a period of 10 years by giving at least 15 days written notice to the OCPS holder(s).
- 6 Each holder of equity shares is entitled to one vote per share.

7 Reconciliation for share outstanding

Particulars	Equity Shares			
	As at 31.03.2014		As at 31.03.2013	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	50,000,000	5,000,000	50,000,000

Particulars	9% Non Cumulative Redeemable Preference Shares			
	As at 31.03.2014		As at 31.03.2013	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	2,500,000	25,000,000	2,500,000	25,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,500,000	25,000,000	2,500,000	25,000,000

Particulars	6% Optionally Convertible Non Cumulative Redeemable Preference Shares			
	As at 31.03.2014		As at 31.03.2013	
	Number	Rupees	Number	Rupees
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	160,000,000	160,000,000	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	160,000,000	160,000,000	-	-

2. Reserves and surplus

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Surplus / (Deficit)		
Opening Balance	(28,664,305)	(50,226,887)
Add: Net profit after tax transferred from Statement of Profit and Loss	(151,243,650)	7,448,913
Total	(179,907,955)	(28,664,305)

3. Long term provisions

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Provision for Gratuity	266,445	222,462
Total	266,445	222,462

4. Short-term borrowings

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Bank Overdraft (Secured)	–	15,432,201
Inter Corporate Deposit (Unsecured)	–	204,082,000
Total	–	219,514,201

5. Trade payables

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Sundry Creditors (Refer note no. 21)	692,616,792	278,050,342
Less:-On account of clients (Receivable from National Spot Exchange Limited)	(638,861,416)	–
	53,755,376	278,050,342
Subbrokerage Payable	313,255	313,255
Total	54,068,631	278,363,597

6. Other current liabilities

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Employees benefits payable	725,500	1,914,863
Statutory dues payable	111,016	1,848,123
Total	836,516	3,762,986

7. Short-term provisions

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Compensated absences	272,108	282,752
Provision for Gratuity	7,510	8,318
Total	279,618	291,070

8. FIXED ASSETS

Amount in Rupees

Particulars	GROSS BLOCK(AT COST)			DEPRECIATION				NET BLOCK		
	As At 01-Apr-13	Additions	Deductions	As At 31-Mar-14	As At 01-Apr-13	For the Year	Deductions	As At 31-Mar-14	As At 31-Mar-14	As At 31-Mar-13
<u>Tangible Assets</u>										
<u>Owned</u>										
Furniture and Fixtures	165,285	-	-	165,285	128,648	14,248		142,896	22,389	36,637
Office Equipment	213,200	-	-	213,200	213,200	-		213,200	-	-
Computer Equipment	2,262,538	-	-	2,262,538	2,192,229	49,733		2,241,962	20,576	70,309
Total (A)	2,641,023	-	-	2,641,023	2,534,077	63,981	-	2,598,058	42,965	106,946
<u>Intangible Assets</u>										
Computer Software	3,318,836	80,000	-	3,398,836	2,161,888	514,151		2,676,039	722,797	1,156,948
Total (B)	3,318,836	80,000	-	3,398,836	2,161,888	514,151	-	2,676,039	722,797	1,156,948
TOTAL (A+B)	5,959,859	80,000	-	6,039,859	4,695,965	578,132	-	5,274,097	765,762	1,263,894
Previous Year	5,301,431	658,427	-	5,959,858	4,166,907	529,056	-	4,695,965	1,263,894	

9. Long term loans and advances

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Unsecured, considered good		
Deposits with Exchanges (see note below)	2,750,000	2,750,000
Deposits	800,000	813,000
Advance Taxes and Tax Deducted at Source (net of provision for tax)	2,327,131	1,030,404
Total	5,877,131	4,593,404
Note :		
Deposits with Exchanges (Refundable)		
- National Commodity & Derivatives Exchange Limited ('NCDEX')	1,500,000	1,500,000
- Multi Commodity Exchange of India Limited ('MCX')	250,000	250,000
- National Spot Exchange Limited ('NSEL')	1,000,000	1,000,000
	2,750,000	2,750,000

10. Trade receivables

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Outstanding for a period exceeding six months		
Secured, considered good	138,314	100,838
Unsecured, considered doubtful		
-On account of clients	289,354	92,838
	427,668	193,676
Less: Provision for doubtful debts	289,354	92,838
	138,314	100,838
Others		
Secured, considered good	889,151	104,552,995
Unsecured, considered good	1,657,361	14,680,000
	2,546,512	119,232,995
Total	2,684,826	119,333,833

11. Cash & Bank balances

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Cash and cash equivalents		
Cash on hand	-	-
Bank Balances		
In Current Account	20,453,272	22,602,483
Other Bank Balances (Refer Note below)	58,600,000	88,200,000
Total	79,053,272	110,802,483

Note :

- (Fixed Deposits aggregating Rs. 42,500,000/- (Previous year Rs 34,500,000/-) are lodged with banks towards guarantees/overdrafts given by the banks.)
- (Fixed Deposits aggregating Rs. 14,500,000/- (Previous year Rs 53,700,000/-) are lodged with Stock Exchanges towards base/additional base capital..)

12. Short-term loans and advances

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	2,199,910	14,086,327
Deposits with Commodity Exchanges - Additional Base Capital (see note below)	19,353,713	50,003,713
Total	21,553,623	64,090,040
Note :		
Deposits with Commodity Exchanges - Additional base capital (Refundable)		
- Additional base Capital NCDEX	553,713	22,053,713
- Additional base Capital MCX	18,750,000	18,000,000
- Additional base Capital NSEL	50,000	9,950,000
	19,353,713	50,003,713

13. Other current assets

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Accrued Interest on Fixed Deposits	608,641	1,277,904
Total	608,641	1,277,904

14. Revenue from operations

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Rendering of financial services		
Brokerage Income	18,050,437	39,912,912
Income from arbitrage business	16,382,672	28,076,915
Other operating revenue		
Interest on Fixed Deposits with Bank (Placed as Margin)	5,929,191	5,598,946
Recoveries from clients/franchisees etc	652,410	667,877
Penal interest recovered from clients	861,504	572,533
Total	41,876,214	74,829,183

15. Other income

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Interest income		
Interest on Income Tax Refund	26,559	–
Dividend income		
Dividend on Mutual Fund	91,902	2,823
Other non operating income		
Miscellaneous Income	228	1,004
Profit on sale of mutual funds	–	870,221
Total	118,689	874,048

16. Employee Benefits Expense

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Salaries, Bonus, Allowances & Other benefits	7,239,054	7,684,317
Contribution to Provident and other Funds	405,727	341,617
Gratuity	120,544	111,454
Staff Welfare	2,442	584
Total	7,767,767	8,137,972

17. Financial costs

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Interest on Inter Corporate Deposit	15,806,673	18,673,727
Interest on Bank OD	127,414	1,468,320
Interest – Others	163,956	–
Interest on Margins from Clients	895,228	230,882
Bank Guarantee Charges	362,645	293,860
Total	17,355,916	20,666,790

18. Other expenses

	As at 31-Mar-14 Rupees	As at 31-Mar-13 Rupees
Rates and Taxes	550,785	139,195
Repairs and Maintenance		
- Others	465,294	125,000
Insurance	431,254	332,857
Legal, Professional and Consultancy charges	1,133,579	198,668
Auditors Remuneration		
- as auditor	35,000	25,000
Communication Expenses	1,488,339	802,407
Membership and Subscription	2,123,697	1,772,079
Printing & Stationery Expenses	219,545	165,388
Provision for doubtful debts	196,516	92,838
Recruitment Expenses	-	63,000
Filing Fees	882,363	-
Miscellaneous Expenses	211,891	326,625
Total	7,738,263	4,043,057

- 19 Some of the credit balances are subject to confirmation and consequential adjustment, if any.
- 20 The Company has issued counter guarantee to the bank in respect of guarantees issued by bank to MCX & NCDEX for Rs. 4.50 Crore (Previous year Rs. 5 Crore)
- 21 Under the head "Trade Payables"(Note. B. 5) no separate disclosure is made for outstanding amount(s) due to Micro, Small and Medium Enterprises (SME) as defined under Micro, Small and Medium Enterprises Development Act 2006, as the Company has not received any communication from its vendors.
- 22 There are no Contingent Liabilities & commitments outstanding as at March 31, 2014 (previous year Rs. Nil).

23 Segment Information

The Company has identified two business segments: -

- i. Commodity Broking: This includes broking income from commodity business.
- ii. Arbitrage Business: This includes income from commodity arbitrage business

Particulars	Rupees		
	Broking Commodity	Arbitrage Business	Total
Segment Revenue	19,564,351	16,382,672	35,947,023
	<i>(41,153,322)</i>	<i>(28,076,915)</i>	<i>(69,230,237)</i>
Segment Results before taxes.	(2,096,982)	(152,943,792)	(155,040,774)
	<i>(9,403,288)</i>	<i>(11,113,714)</i>	<i>(20,517,002)</i>
Unallocable Corporate Income/(Expenses) (Net)			4,457,295
			<i>(6,461,658)</i>
Profit before Tax			(150,583,479)
			<i>(26,978,660)</i>
Tax Expense			660,171
			<i>(5,416,078)</i>
Net Profit after Tax			(151,243,650)
			<i>(21,562,582)</i>
Other Information:			
Segment Assets	28,554,211	-	28,554,211
	<i>(177,336,147)</i>	<i>(258,043,073)</i>	<i>(435,379,220)</i>
Unallocable Corporate Assets			81,989,044
			<i>(113,110,791)</i>
Total Assets			110,543,255
			<i>(548,490,011)</i>
Segment Liabilities	55,451,210	-	55,451,210
	<i>(252,651,259)</i>	<i>(249,503,057)</i>	<i>(502,154,316)</i>
Unallocable Corporate Liabilities			-
			<i>(-)</i>
Total Liabilities			55,451,210
			<i>(502,154,316)</i>
Capital Expenditure (including CWIP)	-		-
	<i>(658,427)</i>		<i>(658,427)</i>
Depreciation	578,132		578,132
	<i>(529,056)</i>		<i>(529,056)</i>

The figures in bracket pertain to previous year.

The Company operates only in one geographical segment

24 Related Parties Disclosures

Names of related parties and description of relationship:

Ultimate Holding Company	JM Financial Limited (upto March 28, 2014)
Holding Company	JM Financial Services Limited (upto March 28, 2014)
Fellow Subsidiaries	JM Financial Institutional Securities Pvt. Ltd. (upto March 28, 2014) JM Financial Investment Managers Limited (upto March 28, 2014) JM Financial Properties and Holdings Limited (upto March 28, 2014)

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 is ascertained by the management and relied upon by the auditors.

During the year following transactions were carried out with the related parties in the ordinary course of business.

Particulars	Current year Rupees	Previous year Rupees
Holding Company		
JM Financial Services Ltd.		
Increase in Capital	50,000,000	-
Inter Corporate Deposit Taken	460,347,000	896,737,491
Inter Corporate Deposit Repaid	664,429,000	692,655,491
Interest Expenses	14,281,735	18,673,727
Expenses Incurred by (Payable)	517,096	507,523
Purchase of Fixed Assets		158,427
Fellow Subsidiary		
JM Financial Properties & Holdings Pvt. Ltd.		
Inter Corporate Deposit Taken	110,000,000	-
Inter Corporate Deposit Repaid	110,000,000	-
Interest Expenses	1,524,932	-
JM Financial Institutional Securities Pvt. Ltd.		
Expenses Incurred by (Payable)	-	1,273
Gratuity Liability in respect of employee transferred (Receivable)	-	24,746
JM Financial Investment Managers Ltd.		
Increase in Capital	110,000,000	-
Particulars	As as 31-Mar-14 Rupees	As as 31-Mar-13 Rupees
Balance Payable		
JM Financial Services Ltd.	-	206,224,729

25 Disclosure under AS-15(Revised) "Retirement Benefits"

a) Defined Contribution Plans

Amount recognised as an expense and included in the Note B. 16- 'Contribution to Provident Fund' Rs. 405,727 /- (previous year Rs. 341,617 /-)

b) Defined Benefit Plans

The Company provides for gratuity based on actuarial valuation under PUC method. The details whereof are as under: -

Table showing Change in Benefit Obligations:

Particulars	2013-14	2012-13
Defined Benefit Obligations (DBO) at the beginning of the period	230,780	94,580
Interest Cost	26,028	12,842
Service Cost	94,717	56,173
Benefits paid	(77,369)	-
Actuarial (gain) loss on obligations	(201)	42,439
Liabilities Assumed on employee transferred	-	24,746
Closing PBO at the end of the period	273,955	230,780
Fair Value of Plan Assets	Nil	Nil
Liability recognised in Balance Sheet	273,955	230,780

The following assumptions have been made for the purpose of arriving at the liability on going concern basis-

Retirement age : 60 Years

Rate of Discounting : 9.10% per annum (previous year 8.10% per annum)

Salary Escalation : 7.00% per annum over a long term (previous year 7.00% per annum)

Mortality Table : LIC (1994-96) Ultimate

c) Compensated absences

As per Company's policy, provision of Rs. 272,108/- (previous year Rs. 282,752/-) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

26 Earning Per Share:

	Current year	Previous year
	Rupees	Rupees
Profit / (Loss) attributable to equity shareholders	(151,243,650)	21,562,582
Weighted average number of equity shares outstanding during the year	5,000,000	5,000,000
Basic Earnings per share	(30.25)	4.31
Weighted average number of dilutive potential equity shares outstanding during the year	12,891,781	7,500,000
Diluted Earnings per share	(11.73)	2.88
Nominal Value per Share	10	10

27 Deferred Tax assets arising due to timing differences on account of brought forward loss/unabsorbed depreciation has not been recognised as a measure of prudence.

28 Details of Stock Options granted by JM Financial Limited.

In previous year, based on the request made by JM Financial Commtrade 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, had granted the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company.

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

Particulars	Current year No. of outstanding Options	Previous year No. of outstanding Options
Outstanding at the beginning of the year	-	29,500
Granted during the year	-	-
Transferred to group companies	-	(29,500)
Exercised during the year	-	-
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-

The charge on account of the above grant being difference of exercise price and market value on the date of grant is included in employee benefit expense aggregating Rs. Nil (Previous year Rs. Nil). Since the options are issued by JM Financial Limited, basic and diluted earnings per share of the Company would remain unchanged.

- 29 The financial statements of the Company have been prepared based on going concern assumption having regard to business plans of the Company and financial support from the holding Company.
- 30 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of
JM Financial Commtrade Ltd.

Rajeev Chitrabhanu
Director

Prashant Choksi
Director

Hemant Pandya
Company Secretary

Place : Mumbai
Dated : April 23, 2014