



**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**  
*(formerly known as JM Financial Institutional Securities Private Limited)*

***Annual Accounts 2014***

Corporate Identification Number: U65192MH1995PLC092522  
Regd. Office: 7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025  
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## AUDITORS' REPORT TO MEMBERS

### INDEPENDENT AUDITORS' REPORT

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

##### Report on the Financial Statements

1. We have audited the accompanying financial statements of **JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED (FORMERLY KNOWN AS JM FINANCIAL INSTITUTIONAL SECURITIES PRIVATE LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, 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 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<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) 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 31<sup>st</sup> March, 2014;
  - (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.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under 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<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, 22<sup>nd</sup> April, 2014

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

Details of dues of Service Tax and Income-tax which have not been deposited as on 31<sup>st</sup> March, 2014 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	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.

- (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

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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.
- (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, *prima facie*, not been used during the year for long- term investment.
- (xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by and on the Company have been noticed or reported during the year.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

MUMBAI, 22<sup>nd</sup> April, 2014

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	Rupees	As at 31.03.2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	280,000,000	326,400,000
Reserves and surplus	3	2,395,055,020	4,145,809,371
		<b>2,675,055,020</b>	<b>4,472,209,371</b>
<b>Non-current liabilities</b>			
Long-term borrowings	4	4,681,588	4,002,291
Long-term provisions	5	26,052,021	27,479,447
		<b>30,733,609</b>	<b>31,481,738</b>
<b>Current liabilities</b>			
Short-term borrowings	6	-	750,000,000
Trade payables	7	52,612,020	204,802,011
Other current liabilities	8	262,824,971	137,976,951
Short-term provisions	9	411,724,170	208,219,265
		<b>727,161,161</b>	<b>1,300,998,227</b>
<b>Total</b>		<b>3,432,949,790</b>	<b>5,804,689,336</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
	10		
Tangible assets		35,808,581	47,238,700
Intangible assets		9,114,319	9,750,631
Capital work-in-progress		-	1,798,845
		<b>44,922,900</b>	<b>58,788,176</b>
Non-current investments	11	2,055,542,895	2,080,050,394
Deferred tax assets (net)	12	21,947,181	-
Long-term loans and advances	13	603,180,302	650,392,212
		<b>2,725,593,278</b>	<b>2,789,230,782</b>
<b>Current assets</b>			
Trade receivables	14	184,415,977	239,783,643
Cash and bank balances	15	487,211,867	835,508,705
Short-term loans and advances	16	25,929,037	340,725,497
Assets held for arbitrage business	17	-	1,584,907,023
Other current assets	18	9,799,631	14,533,686
		<b>707,356,512</b>	<b>3,015,458,554</b>
<b>Total</b>		<b>3,432,949,790</b>	<b>5,804,689,336</b>
Notes to the financial statements	1 to 36		

 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 : 22nd April, 2014

 Place : Mumbai  
 Date : 22nd April, 2014

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

	Note No.	Rupees	31st March, 2013 Rupees
<b>Revenue:</b>			
Revenue from operations	19	1,348,473,067	1,063,320,042
Other income	20	167,043,266	229,082,010
<b>Total Revenue</b>		<b>1,515,516,333</b>	<b>1,292,402,052</b>
<b>Expenses:</b>			
Sub-brokerage, fees, commission and other direct expenses		41,368,103	104,656,740
Employee benefit expenses	21	727,891,050	614,566,178
Finance costs	22	40,580,772	38,502,379
Depreciation and amortisation expense	10	31,493,639	47,141,865
Other expenses	23	394,403,951	327,089,100
<b>Total expenses</b>		<b>1,235,737,515</b>	<b>1,131,956,262</b>
<b>Profit before tax</b>		<b>279,778,818</b>	<b>160,445,790</b>
<b>Tax expense:</b>			
Current tax		40,200,000	12,000,000
Minimum alternate tax credit entitlement		(11,200,000)	(10,500,000)
Deferred tax		(21,947,181)	4,447,156
Tax adjustments in respect of earlier year (net)		5,677,718	944,111
		12,730,537	6,891,267
<b>Profit for the year</b>		<b>267,048,281</b>	<b>153,554,523</b>
<b>Earnings per share:</b>			
Equity shares of face value of Rs. 10/- each	24		
Basic		7.17	1.10
Diluted		7.17	1.10
Notes to the financial statements	1 to 36		

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 : 22nd April, 2014**
**Place : Mumbai**
**Date : 22nd April, 2014**

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Rupees	Previous Year Rupees
<b>A Net profit before tax</b>	279,778,818	160,445,790
<b>Adjustments for :</b>		
Depreciation / amortisation	31,493,639	47,141,865
Dividend income	(55,136,496)	(90,328,534)
Finance cost	40,580,772	38,502,379
Interest income	(15,232,037)	(45,783,565)
(Profit) on sale of fixed assets (net)	(691,404)	(14,229)
Mark to market loss on securities held as a result of underwriting	40,000	5,648,000
Bad Debts written off	189,220	-
Sundry credit balances written back	(1,233,184)	(708,981)
Profit on sale of current investments (non-trade)	(287,523)	(2,711,051)
Profit on sale of non-investments (non-trade) (net)	(64,933,559)	(62,589,322)
Provision for diminution in value of investments	4,186,377	-
<b>Operating profit before working capital changes</b>	<b>218,754,623</b>	<b>49,602,352</b>
(Decrease) / Increase in long-term provisions	(1,427,426)	8,623,725
(Decrease) / Increase in trade payables	(150,956,807)	64,667,513
Increase in other current liabilities	124,197,342	35,463,322
Increase in short term provisions	835,050	516,131
(Increase) / Decrease in long-term loans and advances	(116,472,560)	47,952,964
Decrease / (Increase) in trade receivables	55,178,446	(9,287,886)
Decrease in Stock in trade	-	1,351,382,895
Decrease / (Increase) in short-term loans and advances	314,796,460	(154,772,290)
Decrease / (Increase) in assets held for arbitrage business	1,584,907,023	(1,042,187,258)
Decrease / (Increase) in other bank balances	290,000,000	(21,990,000)
Decrease in other current assets	-	2,494,480
<b>Cash generated from operations</b>	<b>2,319,812,151</b>	<b>332,465,948</b>
Direct taxes refund / (paid) (net)	129,006,753	17,934,398
<b>Net cash generated from operating activities</b>	<b>2,448,818,904</b>	<b>350,400,346</b>
<b>B Cash flows from Investing Activities</b>		
Purchase of fixed assets	(17,140,095)	(32,760,013)
Sale of fixed assets	1,533,111	1,117,385
Purchase of investment in subsidiary company	-	(277,301,910)
Purchase of non-current investments	(220,845,793)	(82,500,000)
Purchase of current investments	(9,030,031,665)	(14,210,101,266)
Sale of non-current investments	306,100,473	345,017,800

Sale of current investments	9,030,319,188	14,213,338,879
Inter-corporate deposit given	-	(250,000,000)
Inter-corporate deposit refunded	-	250,000,000
Interest Income	19,926,092	48,341,890
Dividend Income	55,136,496	90,328,534
<b>Net cash generated from investing activities</b>	<b>144,997,807</b>	<b>95,481,299</b>
<b>C Cash flows from financing activities</b>		
Proceeds from issue of preference share capital including premium thereon	-	-
Redemption of preference share capital including premium thereon	(1,670,400,000)	(1,349,640,000)
Repayment of short-term borrowings (net)	(750,000,000)	(250,000,000)
Interest paid	(40,580,772)	(38,502,379)
Dividend paid - on equity shares (including corporate dividend tax)	(65,517,200)	(16,271,150)
Dividend paid - on preference shares (including corporate dividend tax)	(125,615,577)	(48,765,511)
<b>Net cash (used in) from financing activities</b>	<b>(2,652,113,549)</b>	<b>(1,703,179,040)</b>
Net (decrease) in cash and cash equivalents	(58,296,838)	(1,257,297,395)
Cash and cash equivalents at the beginning of the year	419,133,705	1,676,431,100
Cash and cash equivalents at the end of the year (refer note 15)	360,836,867	419,133,705

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 : 22nd April, 2014**

**Place : Mumbai**  
**Date : 22nd April, 2014**

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

Notes to the financial statements for the year ended 31st March, 2014

**I. Significant Accounting Policies****Basis of preparation of financial statements**

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.

**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.

**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.

**Depreciation**

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

<b>Asset</b>	<b>Useful Life</b>
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%.

**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.

**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.

**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.

**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.

Interest income on fixed deposit is recognized on time proportion basis.

Dividend income is recognised when the right to receive the same is established.

### **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.

### **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.

### **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.

### **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.

### **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. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of existence of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that deferred tax assets can be realised against future taxable profits.

### **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.

### **Borrowing Costs**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of costs 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 revenue.

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

Notes to the financial statements for the year ended 31st March, 2014

	Rupees	As at 31.03.2013 Rupees
<b>2 Share capital</b>		
<b>Authorised</b>		
50,020,000 (as at 31st March, 2013, 50,020,000) Equity Shares of Rs 10/- each	500,200,000	500,200,000
43,800,000 (as at 31st March, 2013, 43,800,000) Preference Shares of Rs 10/- each	438,000,000	438,000,000
<b>Total</b>	<b>938,200,000</b>	938,200,000
<b>Issued, Subscribed and Paid-up</b>		
28,000,000 (as at 31st March, 2013, 28,000,000) Equity shares of Rs 10/- each fully paid-up	280,000,000	280,000,000
Nil (as at 31st March, 2013, 4,640,000) 10% Participating Non-cumulative Redeemable Preference Shares of Rs 10/- each fully paid up	-	46,400,000
<b>Total</b>	<b>280,000,000</b>	<b>326,400,000</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 were 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.

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

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

(formerly known as JM Financial Institutional Securities Private Limited)

Notes to the financial statements for the year ended 31st March, 2014

	Rupees	As at 31.03.2013 Rupees
<b>3 Reserves and surplus</b>		
Capital reserve :		
As per last Balance sheet	41,550,003	41,550,003
Capital redemption reserve :		
As per last Balance Sheet	82,490,000	45,000,000
Add: Transferred from surplus in Statement of Profit and Loss	46,400,000	37,490,000
	<b>128,890,000</b>	<b>82,490,000</b>
Securities premium account :		
As per last Balance sheet	2,896,760,619	4,208,910,619
Less: Utilised on redemption of preference shares	1,624,000,000	1,312,150,000
	<b>1,272,760,619</b>	<b>2,896,760,619</b>
General Reserve :		
As per last Balance sheet	153,495,053	138,095,053
Add: Transferred from surplus in Statement of profit and loss	27,000,000	15,400,000
	<b>180,495,053</b>	<b>153,495,053</b>
Statutory Reserve		
As per last Balance Sheet	-	87,012,195
Amalgamation adjustment account squared off	-	(87,012,195)
	-	-
Balance in Statement of Profit and Loss:		
As per last Balance sheet	971,513,696	1,059,052,010
Add:- Profit for the year	267,048,281	153,554,523
	<b>1,238,561,977</b>	<b>1,212,606,533</b>
Less:- Appropriations:		
Transfer to General Reserve	27,000,000	15,400,000
Transferred to Capital Redemption Reserve	46,400,000	37,490,000
Proposed dividend - Equity shares	280,000,000	56,000,000
Corporate dividend tax - Equity shares	47,586,000	9,517,200
Proposed dividend - Preference shares	54,093,501	104,864,000
Corporate dividend tax - Preference shares	9,193,191	17,821,637
Interim dividend - Preference shares	2,504,329	-
Interim Corporate dividend tax - Preference shares	425,611	-
	<b>467,202,632</b>	<b>241,092,837</b>
	<b>771,359,345</b>	<b>971,513,696</b>
<b>Total</b>	<b>2,395,055,020</b>	<b>4,145,809,371</b>

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Notes to the financial statements for the year ended 31st March, 2014

	Rupees	As at 31.03.2013 Rupees
<b>4 Long-term borrowings</b>		
Finance lease (Secured by way of hypothecation of vehicles) (refer note 30)		
Finance lease obligation	8,939,968	7,609,993
Less: Current maturities	4,258,380	3,607,702
<b>Total</b>	<b>4,681,588</b>	<b>4,002,291</b>
<b>5 Long-term provisions</b>		
Employee benefits - Gratuity (refer note 32 )	26,052,021	27,479,447
<b>Total</b>	<b>26,052,021</b>	<b>27,479,447</b>
<b>6 Short-term borrowings</b> (Unsecured)		
Commercial Papers	-	750,000,000
<b>Total</b>	<b>-</b>	<b>750,000,000</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	52,612,020	204,802,011
	<b>52,612,020</b>	<b>204,802,011</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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Notes to the financial statements for the year ended 31st March, 2014

	Rupees	As at 31.03.2013 Rupees
<b>8 Other current liabilities</b>		
Current maturities of finance lease obligations (refer note 4 and 30)	4,258,380	3,607,702
Statutory dues	23,137,541	22,463,927
Employee benefits payable	235,429,050	111,905,322
<b>Total</b>	<b>262,824,971</b>	<b>137,976,951</b>
	Rupees	As at 31.03.2013 Rupees
<b>9 Short-term provisions</b>		
Provision for employee benefits:		
Compensated absences	17,579,580	17,274,900
Gratuity (refer note 32)	3,271,898	2,741,528
Proposed dividend on equity shares	280,000,000	56,000,000
Corporate dividend tax on equity shares	47,586,000	9,517,200
Proposed dividend on preference shares	54,093,501	104,864,000
Corporate dividend tax on preference shares	9,193,191	17,821,637
<b>Total</b>	<b>411,724,170</b>	<b>208,219,265</b>

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Notes to the financial statements for the year ended 31st March, 2014

**10 Fixed assets**

Amount in Rupees

Description	Gross block			Depreciation/ amortization				Net block	
	As at 01.04.2013	Additions	Disposals	As at 31.03.2014	Up to 31.03.2013	For the year	Deductions	Upto 31.03.2014	As at 31.03.2014
<b>a) Tangible assets:</b>									
<b>Owned Assets:</b>									
Office Premises	1,000,000	-	-	1,000,000	247,983	16,300	-	264,283	735,717
Furniture and Fixtures	55,429,586	-	7,012,803	48,416,783	47,071,549	8,170,215	6,903,451	48,338,313	78,470
Office Equipments	58,618,624	162,075	26,063,000	32,717,699	54,041,250	3,746,626	25,920,450	31,867,426	850,273
Computers	81,444,313	8,387,769	19,954,165	69,877,917	57,957,048	8,344,263	19,942,224	46,359,087	23,518,830
Leasehold Improvements	41,789,622	2,441,696	13,915,308	30,316,010	38,846,914	2,555,498	13,337,444	28,064,968	2,251,042
<b>Leased Assets:</b>									
Vehicles (refer note 10.1)	14,492,265	6,281,785	-	20,774,050	7,370,966	5,028,835	-	12,399,801	8,374,249
<b>Total</b>	<b>252,774,410</b>	<b>17,273,325</b>	<b>66,945,276</b>	<b>203,102,459</b>	<b>205,535,710</b>	<b>27,861,737</b>	<b>66,103,569</b>	<b>167,293,878</b>	<b>35,808,581</b>
<b>b) Intangible assets:</b>									
Software	41,500,787	2,995,590	15,502,415	28,993,962	31,750,156	3,631,902	15,502,415	19,879,643	9,114,319
<b>Total</b>	<b>41,500,787</b>	<b>2,995,590</b>	<b>15,502,415</b>	<b>28,993,962</b>	<b>31,750,156</b>	<b>3,631,902</b>	<b>15,502,415</b>	<b>19,879,643</b>	<b>9,114,319</b>
<b>c) Capital work-in-progress</b>									-
<b>Grand Total</b>	<b>294,275,197</b>	<b>20,268,915</b>	<b>82,447,691</b>	<b>232,096,421</b>	<b>237,285,866</b>	<b>31,493,639</b>	<b>81,605,984</b>	<b>187,173,521</b>	<b>44,922,900</b>

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Amount in Rupees

Description	Gross block			Depreciation/ amortization				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
<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
Furniture and Fixtures	54,534,368	895,218	-	55,429,586	28,252,804	18,818,745	-	47,071,549	8,358,037
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
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
Leasehold Improvements	41,506,912	282,710	-	41,789,622	32,829,697	6,017,217	-	38,846,914	2,942,708
<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
<b>Total</b>	<b>243,850,130</b>	<b>23,984,842</b>	<b>15,060,562</b>	<b>252,774,410</b>	<b>177,014,575</b>	<b>42,495,312</b>	<b>13,974,177</b>	<b>205,535,710</b>	<b>47,238,700</b>
<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
<b>Total</b>	<b>33,353,295</b>	<b>8,206,828</b>	<b>59,336</b>	<b>41,500,787</b>	<b>27,146,168</b>	<b>4,646,553</b>	<b>42,565</b>	<b>31,750,156</b>	<b>9,750,631</b>
<b>c) Capital work-in-progress</b>									1,798,845
<b>Grand Total</b>	<b>277,203,425</b>	<b>32,191,670</b>	<b>15,119,898</b>	<b>294,275,197</b>	<b>204,160,743</b>	<b>47,141,865</b>	<b>14,016,742</b>	<b>237,285,866</b>	<b>58,788,176</b>

10.1 Vendor has lien over the assets taken on lease.

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**11 Non-current investments**

(non-trade unless otherwise stated)

			As at 31.03.2013	
	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 (trade)	12,000,000	602,728,700	12,000,000	602,728,700
<u>In Fellow Subsidiary (Unquoted, fully paid up):</u>				
Equity Shares of JM Financial Services Limited of Rs.10/- each (trade)	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 shares of The Ratnakar Bank Limited of Rs.10/- each	750,000	82,500,000	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 Uttaranchal Biodiesel Limited of Rs. 10/- each	1,000	451,125	1,000	451,125
		805,280,163		805,280,163
Less: Provision for diminution		89,890,523		48,596,524
		715,389,640		756,683,639
<u>In other companies (Quoted, fully paid up):</u>				
A Ordinary Shares of TATA Motors Limited of Rs. 2/- each	1,400,000	83,475,624	2,000,000	119,253,624
Indiabulls Infrastructure and Power Limited of Rs. 2/- each	4,478	-	4,478	-
TATA Steels Limited Equity shares of Rs 10/- each	-	-	117,013	71,377,930
Hi Tech Plast Limited Equity shares of Rs 10/- each	99,948	5,428,175	99,948	5,428,175
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	252,775	113,925,945	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
Technojet Consultants Limited Equity shares of Rs. 10/- each	7,755	90,724	7,755	90,724
Jet Airways (India) Limited - Equity shares of Rs. 10/- each	360,000	104,711,937	-	-
		957,538,453		981,266,800
Less: Provision for diminution		479,835,444		523,875,741
		477,703,009		457,391,059

11	Non-current investments (non-trade unless otherwise stated)			As at 31.03.2013	
		Nos. of Units/ Shares	Rupees	Nos. of Units/ Shares	Rupees
	<b>Total</b>		<b>1,920,821,349</b>		<b>1,941,803,398</b>
	<b>Investment in Preference shares</b>				
	<u>In others companies (Unquoted, fully paid up):</u>				
	Uttaranchal Biodiesel Limited of Rs. 40 each	199,000	89,773,875	199,000	89,773,875
	Less: Provision for diminution		89,773,875		89,773,875
	<b>Total</b>		<b>-</b>		<b>-</b>
	<b>Investments in Venture Capital Fund</b>				
	(Unquoted)				
	Class A Units ICICI Venture "India Advantage Fund V"(Series II) of Rs.100/- each (Refer note 11.3)	39,605	3,960,500	60,951	6,095,100
	Class A Units ICICI Venture "India Advantage Fund VI"(Series II) of Rs.100/- each (Refer note 11.3)	32,050	3,205,000	38,586	3,858,600
	Urban Infrastructure Opportunity Fund of face value of Rs 86,750/- (P Y Rs.87,500/-) each (refer note 11.3)	983	127,556,046	983	128,293,296
	<b>Total</b>		<b>134,721,546</b>		<b>138,246,996</b>
	<b>Total</b>		<b>2,055,542,895</b>		<b>2,080,050,394</b>
11.1	Aggregate provision for diminution in value of investments		659,499,842		662,246,140
			<b>As at 31.03.2014</b>		<b>As at 31.03.2013</b>
		<b>Cost</b>	<b>Market Value</b>	<b>Cost</b>	<b>Market Value</b>
11.2	Aggregate value of:	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
	Quoted Investments	957,538,453	672,421,036	981,266,800	567,886,935
	Unquoted Investments	1,757,504,284		1,761,029,734	

11.3 Redemption of units is at the sole discretion of the trustees of the Venture Fund in consultation with Investment Manager and Contributor, which can effected either at the par value or net asset value per unit or at such price as deemed appropriate. Transfer of the units requires approval of trustees of the fund.

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	Rupees	As at 31.03.2013 Rupees
<b>12 Deferred tax assets (net)</b>		
Fiscal allowances on fixed assets	11,979,981	–
Expense allowable on payment basis	9,967,200	–
	<b>21,947,181</b>	<b>–</b>
	Rupees	As at 31.03.2013 Rupees
<b>13 Long-term loans and advances</b> (Unsecured and considered good)		
Capital advances	–	825,000
Deposits for premises, other deposits etc. [including with related party Rs. 134,035,068/- (as at 31st March, 2013, Nil) (refer note 33)]	186,287,476	5,483,659
Staff loans	666,513	16,854,587
Loan to Employees' welfare trust	172,500,000	224,000,000
Advance tax (net of provisions)	192,715,358	360,631,374
Advance fringe benefit tax (net)	167,326	167,326
Prepaid expense	5,175,187	293,370
Deposits with stock exchanges	16,325,000	17,025,000
Minimum alternate tax credit entitlement	29,331,546	25,100,000
Margin money with clearing member	11,896	11,896
<b>Total</b>	<b>603,180,302</b>	<b>650,392,212</b>
13.1 Due from private companies where director(s) are director(s)/Member(s) JM Financial & Investment Consultancy Services Pvt. Ltd.	3,835,068	–
	Rupees	As at 31.03.2013 Rupees
<b>14 Trade receivables</b> (Unsecured and considered good)		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:	–	34,398,329
Other trade receivables	184,415,977	205,385,314
<b>Total</b>	<b>184,415,977</b>	<b>239,783,643</b>

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	Rupees	As at 31.03.2013 Rupees
<b>15 Cash and bank balances</b>		
Cash and cash equivalents:		
Cash on hand	9,421	162,804
Balances with banks		
In current accounts	29,827,446	208,960,901
In deposit accounts	331,000,000	210,010,000
	<b>360,836,867</b>	<b>419,133,705</b>
Other bank balances		
In Deposit Accounts (refer note 15.1,15.2 and 15.3 )	126,375,000	416,375,000
<b>Total</b>	<b>487,211,867</b>	<b>835,508,705</b>
15.1 Bank Deposits are having maturity of more than twelve months	–	2,500,000
15.2 Bank Deposits under lien with banks towards overdraft facilities and guarantees given by the banks to stock exchanges	117,500,000	367,500,000
15.3 Bank Deposits under lien and lodged with Stock Exchanges towards base/additional base capital.	8,875,000	48,875,000
<b>16 Short-term loans and advances</b> (Unsecured)		
Deposits for premises and other deposits (refer note 16.1) [including with related party, Nil (as at 31st March, 2013, Rs. 210,200,000) refer note 33]	2,288,344	290,398,210
Staff Loans	185,262	9,139,553
Inter-corporate deposit	50,000,000	50,000,000
Prepaid expenses	8,527,649	14,589,868
Prepaid interest on commercial paper	–	11,424,091
Others (refer note 16.2)	14,927,782	15,173,775
	<b>75,929,037</b>	<b>390,725,497</b>
Less : Provision	50,000,000	50,000,000
<b>Total</b>	<b>25,929,037</b>	<b>340,725,497</b>
16.1 Due from private companies where director(s) are director(s)/Member(s) JM Financial & Investment Consultancy Services Pvt. Ltd.	–	68,000,000
16.2 Others include service tax credit receivable, advance to employees, etc.		
16.3 Short-term loans and advances:		
Considered good	25,929,037	340,725,497
Considered doubtful	50,000,000	50,000,000



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	Rupees	31st March, 2013 Rupees
<b>19 Revenue from operations</b>		
Income from Investment banking services	803,811,612	521,112,588
Brokerage	376,866,538	283,836,259
Advisory fees	78,015,986	91,048,193
<b>Other operating revenues:</b>		
Income from arbitrage business	18,548,608	117,187,034
Dividend on equity instruments held for arbitrage business	44,678,034	16,612,405
Interest on Fixed Deposit	26,592,289	39,100,912
Profit on sale of shares held as result of underwriting	–	70,651
Mark to market (loss) / gain on shares held as result of underwriting	(40,000)	(5,648,000)
	89,778,931	167,323,002
<b>Total</b>	<b>1,348,473,067</b>	<b>1,063,320,042</b>

	Rupees	31st March, 2013 Rupees
<b>20 Other income</b>		
Interest income		
On bank deposits	247,703	12,778,208
On compulsorily convertible debentures	–	19,776,095
Others	14,984,334	13,229,262
	15,232,037	45,783,565
Dividend		
On non-current investments	25,076,458	30,433,818
On current investments	30,060,038	59,894,716
	55,136,496	90,328,534
Profit on sale of investments		
Current (non-trade)	287,523	2,711,051
Non-current investments (non-trade) (net)	64,933,559	62,589,322
	65,221,082	65,300,373
Support service fees	18,000,000	18,000,000
Profit on sale of fixed assets (net)	691,404	14,229
Exchange difference (net)	9,651,175	–
Sundry credit balances written back	1,233,184	708,981
Miscellaneous income	1,877,888	8,946,328
<b>Total</b>	<b>167,043,266</b>	<b>229,082,010</b>

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Notes to the financial statements for the year ended 31st March, 2014

	Rupees	31st March, 2013 Rupees
<b>21 Employee benefit expenses</b>		
Salaries, bonus, allowances and other benefits	697,715,486	578,987,680
Contribution to provident fund and other funds	20,651,222	21,303,090
Gratuity (refer note 32)	3,953,142	7,706,688
Staff welfare expense	5,571,200	6,568,720
<b>Total</b>	<b>727,891,050</b>	<b>614,566,178</b>

	Rupees	31st March, 2013 Rupees
<b>22 Finance costs</b>		
Interest Expense		
On Leased Loan	2,567,165	1,844,583
On Bank Overdraft facilities	117,206	431,914
On Inter Corporate Deposits	3,738,403	-
On Commercial Papers	32,489,841	34,644,330
Interest – Others	-	9,510
Bank Guarantee Charges	1,668,157	1,572,042
<b>Total</b>	<b>40,580,772</b>	<b>38,502,379</b>

	Rupees	31st March, 2012 Rupees
<b>23 Other expenses</b>		
Electricity	10,909,901	11,032,527
Rent [refer note 30(b)]	124,420,237	88,452,261
Rates and taxes, excluding taxes on income	14,327,028	10,449,634
Repairs and maintenance - others	17,167,220	9,551,162
Information Technology Expenses	15,657,988	14,458,467
Insurance	5,761,242	8,141,908
Legal and professional fees	22,972,307	60,118,016
Business Promotion	2,980,949	1,232,764
Business Conference Expenses and Seminar	10,814,065	13,215,922
Communication Expenses	5,792,220	6,000,748
Subscription and membership	37,729,115	43,675,470
Travelling and conveyance	21,465,946	15,398,219
Manpower Expenses	11,585,499	10,209,652
Support service fee	60,089,197	7,350,000
Research Expenses	1,512,996	914,460
Bad debts written off	189,220	-
Advertisement	638,918	-
Auditors' remuneration	1,529,836	1,611,310
Directors' commission	600,000	1,000,000
Directors' sitting fees	40,000	110,000
Donations	7,727,000	7,570,000
Exchange difference (net)	-	1,043,998
Provision for diminution in value of investments (net)	4,186,377	-
Miscellaneous expenses	16,306,690	17,693,107
	394,403,951	329,229,625
Recoveries of expenses	-	(2,140,525)
<b>Total</b>	<b>394,403,951</b>	<b>327,089,100</b>

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

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Notes to the financial statements for the year ended 31st March, 2014

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**4 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 2013
Profit after tax (Rupees)	267,048,281	153,554,523
Less: Preference dividend (including tax thereon)		122,685,637
	66,216,632	
Profit attributable to the equity shareholders for the purpose of basic/diluted earnings per share (Rupees)	200,831,649	30,868,886
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	7.17	1.10
Nominal value per share – Rupees	10	10

2

**5 Contingent Liability and commitments:-**

		As at 31st March 2013
	Rupees	Rupees
A. Disputed Tax demand where Company has preferred Appeal		
(i) Income Tax demand for A.Y. 2005-2006 to A.Y. 2011-2012 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.	86,894,846	90,696,023
(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	3,098,340
B. Uncalled Liability on account of commitment to subscribe to: ICICI Venture Fund for India Advantage Fund Series II	2,850,000	2,850,000
C. Estimated amount of contracts remaining to be executed on Capital Account and not provided for	-	1,648,430

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

2

**6 Earnings in Foreign Exchange:**

		31st March, 2013
	Rupees	Rupees
Income from Investment banking services	533,768,250	200,639,131
Research fees	78,015,986	90,896,003
Royalty Income	-	106,835
<b>Total</b>	<b>611,784,236</b>	<b>291,641,969</b>

2

**7 Expenditure in Foreign Currency:**

		31st March, 2013
	Rupees	Rupees
Business Conference Expenses	4,914,977	5,724,075
Support Service Charges	51,739,197	-
Travelling Expenses	2,824,990	944,860
Membership and Subscription		

	8,756,865	12,198,529
Professional Fees	10,637,544	43,327,217
Others	970,161	270,383
<b>Total</b>	<b>79,843,734</b>	<b>62,465,064</b>

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

		<b>31st March, 2013</b>
	<b>Rupees</b>	<b>Rupees</b>
a) As auditors	1,000,000	1,000,000
b) Other matters (certification work, limited review etc.)	520,000	610,000
c) Expenses	9,836	1,310
<b>Total</b>	<b>1,529,836</b>	<b>1,611,310</b>

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**29 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)

<b>Particulars</b>	<b>Investment banking and securities business</b>	<b>Arbitrage business</b>	<b>Total</b>
Revenue from operations	1,281,784,277	66,688,790	1,348,473,067
	923,986,385	139,333,657	1,063,320,042
Other income	11,344,135	1,709,204	13,053,339
	-	-	-
Segment revenue	1,293,128,412	68,397,994	1,361,526,406
	923,986,385	139,333,657	1,063,320,042
Segment results before taxes	94,076,939	31,711,952	125,788,891
	(97,675,905)	113,931,414	16,255,509
Unallocable corporate income (net)			153,989,927
			164,454,808
Finance cost			-
			20,264,527
Profit before tax			279,778,818
			160,445,790
Tax expense			12,730,537
			6,891,267
Net profit after tax			267,048,281
			153,554,523
Other information:			

Segment assets	1,828,637,317	-	1,828,637,317
	<i>2,150,384,080</i>	<i>1,703,650,199</i>	<i>3,854,034,279</i>
Unallocable corporate assets			1,604,312,473
			<i>1,950,655,057</i>
Total assets			3,432,949,790
			<i>5,804,689,336</i>
Segment liabilities	337,022,078	-	337,022,078
	<i>574,869,972</i>	<i>750,000,000</i>	<i>1,324,869,972</i>
Unallocable corporate liabilities			420,872,692
			<i>7,609,993</i>
Total liabilities			757,894,770
			<i>1,332,479,965</i>
Capital expenditure (including CWIP)	18,470,070	-	18,470,070
	<i>33,990,515</i>	-	<i>33,990,515</i>
Depreciation	31,147,169	346,470	31,493,639
	<i>46,315,167</i>	<i>826,698</i>	<i>47,141,865</i>

b) Secondary Segment (by Geographical segments):

(Amount in Rupees)

Particulars	Domestic	Exports	Total
Revenue	749,742,170	611,784,236	1,361,526,406
	<i>771,678,073</i>	<i>291,641,969</i>	<i>1,063,320,042</i>
	Within India	Outside India	Total
Segment assets	1,742,471,932	86,165,385	1,828,637,317
	<i>3,099,683,965</i>	<i>26,621,614</i>	<i>3,126,305,579</i>
Cost incurred on acquisition of fixed assets	18,470,070	-	18,470,070
	<i>33,990,515</i>	-	<i>33,990,515</i>

Figures in italics are in respect of previous year.

30 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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Not later than 1 year	5,457,841	4,667,625	1,199,461	1,059,923	4,258,380	3,607,702
Later than 1 year and not later than 5 years	5,315,857	4,713,029	634,269	710,738	4,681,588	4,002,291
<b>Total</b>	<b>10,773,698</b>	<b>9,380,654</b>	<b>1,833,730</b>	<b>1,770,661</b>	<b>8,939,968</b>	<b>7,609,993</b>

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**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 31.03.2014	as at 31.03.2013
Not later than 1 year	92,923,320	111,594,080
Later than 1 year and not later than 5 years	32,202,610	13,859,735
<b>Total</b>	<b>125,125,930</b>	<b>125,453,815</b>
Expense debited to profit and loss account	116,462,062	75,285,818

The Company has taken certain premises on cancellable operating leases. Lease rentals debited to the Statement of Profit and Loss, Rs. 79,58,175/- (previous year, Rs. 1,31,66,443/-)

**31 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 31.03.2014 Amount in (Rs)	As at 31.03.2014 Amount in Foreign Currency	As at 31.03.2013 Amount in (Rs)	As at 31.03.2013 Amount in Foreign Currency
Export of Services (Net)	85,590,922	USD 1,432,329	20,904,556	USD 384,885
Expense reimbursement	574,473	USD 9,613	5,717,058	USD 105,132

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

Particulars	As at 31.03.2014 Amount in (Rs)	As at 31.03.2014 Amount in Foreign Currency	As at 31.03.2013 Amount in (Rs)	As at 31.03.2013 Amount in Foreign Currency
Payable	1,858,322	USD 31,096	561,066	USD 10,323
	676,243	SGD 14,259	290,445	SGD 6,640
	35,515	HKD 4,612	82,145	HKD 11,735
	263,073	GBP 2,646	-	-
Expense reimbursement	232,962	GBP 2,343	253,272	GBP 3,077

**32 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.20,601,505/- (Previous year Rs. 21,174,315/-).

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Notes to the financial statements for the year ended 31st March, 2014

**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 (Unfunded)	
	Rupees	Previous year Rupees
<b>I. Reconciliation of liability recognised in the Balance Sheet</b>		
Fair value of plan assets as at the end of the year	-	-
Present value of obligation as at the end of the year	29,323,919	30,220,975
Net liability in the Balance Sheet	29,323,919	30,220,975
<b>II. Movement in net liability recognised in the Balance Sheet</b>		
Net liability as at the beginning of the year	30,220,975	17,821,160
Gratuity liability (transferred upon discontinuation of fund)	-	8,589,588
Net expense recognised in the Statement of Profit and Loss	3,953,142	7,706,688
Liabilities Assumed on Acquisition	-	759,605
Benefits Paid	(4,850,198)	(4,656,066)
Net liability as at the end of the year	29,323,919	30,220,975
<b>III. Expense recognised in the Statement of Profit and Loss</b> (Under the head "Employee benefit expenses" Refer Note 21)		
Current Service Cost	2,941,887	2,869,405
Interest cost	2,575,160	2,428,057
Actuarial (Gains)/ Losses	(1,563,905)	2,409,226
Expense charged to Statement of Profit and Loss	3,953,142	7,706,688
<b>IV. Reconciliation of defined benefit commitments</b>		
Commitments at the beginning of the year	30,220,975	17,821,160
Gratuity liability (transferred upon discontinuation of fund)	-	8,589,588
Current Service Cost	2,941,887	2,869,405
Interest Cost	2,575,160	2,428,057
Actuarial (Gains)/ Losses	(1,563,905)	2,409,226
Benefits Paid	(4,850,198)	(4,656,066)
Liabilities Assumed on Acquisition	-	759,605
Commitments at the year end	29,323,919	30,220,975

**JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED**

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<b>V. Experience history</b>	<b>31-03-2010</b>	<b>31-03-2011</b>	<b>31-03-2012</b>	<b>31-03-2013</b>	<b>31-03-2014</b>
Defined Benefit Obligation	12,859,021	15,352,418	26,410,748	30,220,975	29,323,919
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(12,859,021)	(15,352,418)	(26,410,748)	(30,220,975)	(29,323,919)
Experience Adj. on Plan Liabilities	(3,707,417)	(5,592,862)	852,276	890,271	1,330,525
Experience Adj. on Plan Assets	-	-	-	-	-

<b>VI. Actuarial Assumptions</b>	<b>31-03-2014</b>	<b>31-03-2013</b>
Mortality table	Indian Assured Lives Mortality (2006-08) Ult table	LIC (1994-96) Ultimate
Discount rate (per annum)	9.10%	8.10%
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.17,579,580/- (previous year, Rs 17,274,900/-).

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Notes to the financial statements for the year ended 31st March, 2014

**33 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 Singapore Pte Limited PT JM Financial Securities Indonesia JM Financial Securities Inc.

**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 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 JM Financial Singapore Pte Limited
Key Management Personnel	Surendra Nayak
Individual exercising significant influence on the reporting enterprise and relatives of the individual	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

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Notes to the financial statements for the year ended 31st March, 2014

Name of Related Party	Nature of Transaction	Rupees	31.03.2013 Rupees
JM Financial Limited	Final Dividend on equity/ preference shares paid	163,368,329	55,958,752
	Redemption of Preference Shares (including share premium)	1,670,400,000	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
	Recovery of Car Lease loan in respect of Employee transferred	-	540,027
	Reimbursement of Expenses received*	134,832	-
	Reimbursement of Expenses Paid*	-	2,862,558
	Reimbursement of Employee Stock Option cost	71,866,566	70,170,918
	JM Financial Overseas Holdings Pvt. Ltd.Mauritius	Subscription to Equity Shares during the year	-
Investment in Equity Shares as at the year end		602,728,700	602,728,700
JM Financial Services Ltd.	Demat Charges Paid*	1,827	2,100
	Sub- Brokerage expense Primary Market Transaction*	1,474,541	3,886,943
	ICD Taken	1,121,000,000	-
	ICD Repaid	1,121,000,000	-
	Interest expense on ICD taken	1,230,806	-
	Investment in Equity Shares as at the year end	125,000,000	125,000,000
	Closing balance - payable	(6,006,057)	(6,008,612)
JM Financial Investment Managers Ltd.	Sale Of Fixed Assets	-	52,447
	Reimbursement of Car Lease Rental - Paid	348,363	418,575
	Reimbursement of Expenses Received*	48,393	67,592
	ICD Taken	700,000,000	-
	ICD Repaid	700,000,000	-
	Interest expense on ICD taken	441,096	-
	Reimbursement of Petrol of deposit - paid	-	10,000
JM Financial Asset Management Pvt. Ltd.	Reimbursement of Expenses Received*	-	2,707
JM Financial Products Ltd.	Payment of Gratuity Liability in respect of Employee transferred	-	358,096
	ICD Taken	2,443,000,000	-
	ICD Repaid	2,443,000,000	-
	Interest expense on ICD taken	2,066,501	-
	Reimbursement of Expenses Received*	325,487	1,641,973
	Sale of Fixed Assets	-	473,414
	Purchase of Fixed Assets	-	1,780,698

Name of Related Party	Nature of Transaction	Rupees	31.03.2013 Rupees
	Brokerage received on purchase & sale of securities *	-	659,131
	Closing balance - receivable	14,187	-
Infinite India Investment Management Pvt. Ltd.	Reimbursement of Expenses Received*	214,776	464,344
	Closing balance - receivable	182,676	-
J.M. Financial & Investment Consultancy Services Pvt. Ltd.	Reimbursement of Expenses Received*	14,379	9,982
	Payment of Gratuity Liability in respect of Employee transferred	-	47,998
	Rent*	18,716,880	23,949,540
	Reimbursement of Expenses Paid*	1,076,202	4,087,552
	Support Service (expense)*	7,350,000	7,350,000
	Security deposit for office premises received back	64,767,892	-
	Security deposit for office premises as at the year end	3,232,108	68,000,000
	Security deposit (others) as at the year end	602,960	602,960
Kampani Consultants Ltd.	Rent*	2,905,200	3,126,600
	Reimbursement of Expenses Paid*	52,212	-
	Security deposit for office premises received back	12,000,000	-
	Security Deposit for office premises as at the year end	-	12,000,000
JM Financial Properties and Holdings Ltd.	Rent*	76,555,200	20,931,600
	Reimbursement of Expenses Paid*	12,087,618	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 office premises as at the year end	130,200,000	130,200,000
JM Financial Singapore Pte Ltd	Support Service (expense)*	51,739,197	-
	Closing balance - payable	428,055	-
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*	195,000	185,357
Surendra Nayak (w.e.f.18th May ,2012)	Remuneration	10,140,826	5,038,659
	Contribution to provident fund	288,000	244,568
	Closing balance - payable	(2,710,000)	(450,000)
Ashith Kampani	Remuneration	-	2,901,313
Amishi Kampani	Remuneration	4,620,004	1,570,000
	Closing balance - payable	(2,500,000)	(450,000)

\* Figures are excluding service tax.

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

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Notes to the financial statements for the year ended 31st March, 2014

**34 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. 50,87,792 stock options have been granted on April 21, 2011 in respect of Series IV, 47,93,346 have been granted on April 16, 2012 in respect of Series V and 24,20,778 stock options have been granted on May 6, 2013 in respect of Series VI..

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

Vesting Date	Options (Nos.)	Status	Exercise Year	Exercise Price (Rupee)
21st April, 2012	1,695,931	Vested	Seven years from the date of Grant	1
21st April, 2013	1,695,931	Vested	Seven years from the date of Grant	1
21st April, 2014	1,695,931	To be vested	Seven years from the date of Grant	1
16th April, 2013	1,597,782	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
06th May, 2014	806,926	To be vested	Seven years from the date of Grant	1
06th May, 2015	806,926	To be vested	Seven years from the date of Grant	1
06th May, 2016	806,926	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	8,328,348	5,061,221
Granted during the year	2,420,778	4,793,346
Lapsed during the year	748,754	487,904
Exercised during the year	2,203,668	1,100,602
Options in respect of employees transferred	-	62,287
Outstanding at the end of the year	7,796,704	8,328,348
Exercisable at the end of the year	1,621,095	607,234

The charge on account of the above scheme included in employee benefit expense aggregate Rs.71,866,566/- (Previous year Rs.70,170,918/-). Since the options are issued by JM Financial Limited, the Holding company, basic and diluted earnings per share of the Company would remain unchanged.

- 35** The name of the Company has been changed to JM Financial Institutional Securities Limited with effect from 30th December, 2013.

- 36** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification.

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

**Company Secretary**

**Chairman**

**Whole-time Director**

**Place : Mumbai**

**Date : 22nd April, 2014**