



JM FINANCIAL INVESTMENT MANAGERS LTD.

Annual Accounts 2014

Corporate Identification Number: U74100MH1985PLC035954
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INDEPENDENT AUDITORS' REPORT

The Members
JM Financial Investment Managers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **JM Financial Investment Managers Limited** ('the Company'), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An Audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India;

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

Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
- (ii) Further to our comments in the Annexure referred to in Paragraph 5(i) above, as required by section 227(3) of the Act, we report that;
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt herewith comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e. On the basis of the written representations received from the Directors as on March 31, 2014 and taken on records by the Board of Directors, we report that none of the Director is disqualified, as on March 31, 2014, from being appointed as Director in terms of section 274(1)(g) of the Companies Act, 1956.

For Arun Arora & Co.
Chartered Accountants

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

Place : Mumbai
Date : 21 April 2014

JM Financial Investment Managers Limited

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

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Fixed assets have been physically verified by the management at reasonable intervals. As informed, no material discrepancies were noticed on such verification
- (c) The company has not disposed off substantial part of its fixed assets during the year
- (ii) The nature of the business/activities of the company during the year is such that paragraph 4(ii) is not applicable.
- (iii) (a) (i) The Company has granted inter corporate deposit of Rs 70.00 crores to one Company covered in register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs 70 crores and yearend balance was NIL.

(ii) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of these deposits are not prima facie prejudicial to the interests of the Company;

(iii) The payment of principal amount and interest in case of the aforesaid inter corporate deposits are as per stipulations;

(iv) There was no overdue in respect of the said deposit
- (b) (i) The Company has taken inter corporate deposit of Rs 70.00 crores from one Company covered in register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs 70 crores and yearend balance was NIL.

(ii) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of these deposits are not prima facie prejudicial to the interests of the Company;

(iii) The payment of principal amount and interest in case of the aforesaid inter corporate deposits are as per stipulations;

(iv) There was no overdue in respect of the said deposit
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.

- (v) Based on the audit procedures applied and according to the information and explanations given, there are no transaction which needs to be entered in the register maintained under section 301 of the Companies Act, 1956
- (vi) The company has not accepted any public deposits within the meaning of section 58A and 58AA of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The company is not required to maintain any cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, wealth tax, provident fund and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, were in arrears, as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues on account of income tax, wealth tax, and other statutory dues which have not been deposited on account of any dispute except as mentioned below.

Name of the Status	Nature of dues	Year to which it pertains	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	F.Y 2009-2010	35,98,790	Commissioner of Income Tax (Appeals)-4, Mumbai & Rectification u/s 154 with D.C.I.T. 3(2), Mumbai
Income Tax Act, 1961	Income Tax (T.D.S.)	F.Y 2009-2010 F.Y. 2010-2011 F.Y 2011-2012	74,521 73,301 11,337	Commissioner of Income Tax (Appeals)-14, Mumbai

- (x) The company neither has any accumulated losses at the end of the year nor incurred cash losses during the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

- (xiv) The company has maintained proper records of transactions and contracts in respect of investments in shares, debentures and other securities and timely entries have been made therein. The investments are held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any term loans during the year.
- (xvii) According to the records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment (fixed assets, etc.) and vice versa.
- (xviii) The company has not made any preferential allotment of shares to any parties covered under section 301 of Companies Act 1956 during the year.
- (xix) According to the information and explanations given to us and the records examined by us, during the year company has not issued any secured debenture
- (xx) The company has not raised any money by public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For Arun Arora & Co.
Chartered Accountants

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

Place: Mumbai
Date: 21 April 2014

JM FINANCIAL INVESTMENT MANAGERS LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

Particulars	Note No.	Rupees	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
I. EQUITY AND LIABILITIES				
1 Shareholders' funds				
a Share Capital	2	18,000,000		18,000,000
b Reserves and Surplus	3	1,150,034,306		1,325,451,893
			1,168,034,306	1,343,451,893
2 Non-current liabilities				
a Long-term provisions	4	102,395,578		85,058,284
			102,395,578	85,058,284
3 Current liabilities				
a Trade payables	5	1,869,608		614,385
b Other current liabilities	6	17,494,565		15,414,694
c Short-term provisions	7	295,595,857		639,536
			314,960,030	16,668,615
Total			1,585,389,914	1,445,178,792
II. ASSETS				
1 Non-current assets				
a Fixed assets	8			
(i) Tangible assets		2,773,769		6,194,695
(ii) Intangible assets		40		40
b Non-current investments	9	1,376,830,594		1,178,938,998
c Deferred tax assets (net)	10	5,712,386		5,089,507
d Long-term loans and advances	11	74,134,853		105,213,838
			1,459,451,642	1,295,437,078
2 Current assets				
a Cash and cash equivalents	12	99,245,941		125,879,513
b Short-term loans and advances	13	13,968,456		19,544,904
c Other current assets	14	12,723,875		4,317,297
			125,938,272	149,741,714
Total			1,585,389,914	1,445,178,792

See accompanying Notes to the financial statements

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board

Arun Arora

Proprietor
Membership No. A-12018

Place : Mumbai
Date: 21 April 2014

Vishal Kampani

Chairman

Place : Mumbai
Date: 21 April 2014

Dipti Neelakantan

Director

JM FINANCIAL INVESTMENT MANAGERS LIMITED

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

Particulars	Note No.	Current year Rupees	Previous year Rupees
I. REVENUE FROM OPERATIONS	15	120,726,744	121,850,407
II. OTHER INCOME	16	115,531,484	82,409,152
III Total revenue (I + II)		236,258,228	204,259,559
IV EXPENES			
Employee benefits expense	17	32,680,494	33,876,247
Finance costs	18	421,918	13,579
Depreciation and amortization expense	8	3,404,454	6,186,561
Other expenses	19	38,216,123	52,621,931
Less: Recoveries		(7,251,416)	(25,549,458)
Total expenses		67,471,573	67,148,860
V Profit before tax		168,786,655	137,110,699
Tax expense			
Current tax		50,520,000	36,010,000
Deferred tax		(622,879)	(554,616)
Excess provision for tax in respect of earlier year (net)		(520,279)	-
		49,376,842	35,455,384
VI Profit after tax		119,409,813	101,655,315
VII Earnings per share	20	66.34	56.48
Basic/ Diluted			

See accompanying Notes to the financial statements

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board
Arun Arora

 Proprietor
 Membership No. A-12018

 Place : Mumbai
 Date: 21 April 2014

Vishal Kampani

Chairman

 Place : Mumbai
 Date: 21 April 2014

Dipti Neelakantan

Director

JM FINANCIAL INVESTMENT MANAGERS LIMITED

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

Particulars	Current Year Rupees	Previous Year Rupees
Profit before Tax	168,786,655	137,110,699
Adjustment for:		
Depreciation	3,404,454	6,186,561
(Profit) / Loss on sale of Investments	(59,019,142)	(1,714,461)
Provision for gratuity	75,251	548,683
Provision for /(reversal of) compensated absences	111,605	56,112
Provision for clawback obligation	17,279,359	32,163,853
Dividend Income	(16,735,082)	(64,111,184)
Interest Income	(39,774,882)	(16,221,266)
Interest expense	421,918	13,579
(Profit) / Loss on sale of assets	75	(42,872)
Gratuity paid	-	(935,616)
Leave Encashment paid	-	(659,582)
Operating profit before working capital changes	74,550,211	92,394,506
Adjustment for:		
(Increase)/ Decrease in long term loans and advances	-	7,439,500
(Increase)/ Decrease in short term loans and advances	5,695,700	25,857,528
(Increase)/ Decrease in trade payables	1,255,223	(1,316,048)
(Increase)/ Decrease in other current liabilities	2,079,871	(5,462,369)
Cash generated from / (used in) operations	83,581,005	118,913,117
Direct taxes paid	(51,420,736)	(34,664,559)
Net Cash generated from / (used in) operating activities – (A)	32,160,269	84,248,557
Cash flow from Investing Activities		
Purchase of non- current investments	(346,189,515)	-
Sale of non- current investments	207,147,702	30,976,449
Purchase of current investments	(530,318,134)	(478,393,282)
Sale of current investments	530,487,488	478,426,399
Purchase of fixed assets	-	(802,713)
Sale of fixed assets	16,400	240,062
Inter corporate deposits given	(700,000,000)	(100,000,000)
Inter corporate deposits received back	732,500,000	-
(Increase) / Decrease in Bank Deposits maturing after three months (Refer Note 2- #)	(5,475,000)	(33,430,000)
Interest Income	31,249,054	16,221,266
Dividend Income	16,735,082	64,111,184
Net Cash generated from / (used in) investment activities – (B)	(63,846,923)	(22,650,636)
Cash flow from Financing Activities		
Proceeds / (Repayment) of long term borrowings	-	(62,186)
Proceeds / (Repayment) of short term borrowings	-	(227,310)
Inter corporate deposit accepted	700,000,000	-
Inter corporate deposit repaid	(700,000,000)	-
Interest paid	(421,918)	(13,579)
Net Cash generated from / (used in) financing activities – (C)	(421,918)	(303,075)
Net increase /(decrease) in Cash and Cash equivalents (A +B+C)	(32,108,572)	61,294,847
Cash & cash equivalents (opening)	66,279,513	4,984,666
Cash & cash equivalents (closing)	34,170,941	66,279,513

JM FINANCIAL INVESTMENT MANAGERS LIMITED

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

Notes

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

2. Cash and cash equivalents

	As at 31.03.2014	As at 31.03.2013
Cash and cash equivalents as per Balance Sheet (Refer Note 13)	99,245,941	125,879,513
Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 - "Cash Flow Statements") #	(65,075,000)	(59,600,000)
Balance as shown in Cash flow statement (as defined in AS 3 - "Cash Flow Statements")	34,170,941	66,279,513
# Comprises of:		
(a) In deposit accounts with original maturity of more than 3 months	65,075,000	59,600,000
Total	65,075,000	59,600,000

In terms of our report attached

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board
Arun Arora

 Proprietor
 Membership No. A-12018

 Place : Mumbai
 Date: 21 April 2014

Vishal Kampani

Chairman

 Place : Mumbai
 Date: 21 April 2014

Dipti Neelakantan

Director

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India and as per the provisions of the Companies Act, 1956, ('the Act') and the accounting principles generally accepted in India and 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 13th September, 2013 of Ministry of Corporate Affairs), to the extent applicable.

b. Use of estimates

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

c. Revenue recognition

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

d. Fixed assets and depreciation

Owned tangible assets

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

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

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

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

Owned intangible assets

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

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

Leased assets

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

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

e. Impairment of assets

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

f. Investments

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

g. Employee Benefits

Defined contribution plan

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

Defined benefit plan

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

Short term employee benefits

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

h. Taxation

Tax expense comprises current tax and deferred tax.

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

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

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

i. Borrowing costs

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

j. Operating leases

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

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

k. Foreign currency transactions

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

l. Provisions, contingent liabilities and contingent assets

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

2 SHARE CAPITAL

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Authorised		
2,000,000 (Previous Year 2,000,000) Equity Shares of Rs 10/- each	20,000,000	20,000,000
	20,000,000	20,000,000
Issued, Subscribed and Paid-up		
1,800,000 (Previous Year 1,800,000) Equity shares of Rs 10/- each fully paid-up	18,000,000	18,000,000
Total	18,000,000	18,000,000

Note: a

Particulars	Equity Shares			
	As at 31.03.2014		As at 31.03.2013	
	Number		Number	
Shares outstanding at the beginning of the year	1,800,000	18,000,000	1,800,000	18,000,000
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	1,800,000	18,000,000	1,800,000	18,000,000

Note: b

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

Particulars	Nature of Relationship	As at 31.03.2014		As at 31.03.2013	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:					
JM Financial Limited	Holding Company	1,800,000	100%	1,800,000	100%

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
3 RESERVES AND SURPLUS		
a. Capital Redemption Reserve	2,000	2,000
b. Securities Premium Account	906,600,000	906,600,000
c. General reserve		
Opening Balance	755,000	755,000
Add: Transferred during the year	12,000,000	-
Closing Balance	12,755,000	755,000
d. Surplus in profit and loss account:		
Opening balance	418,094,893	316,439,578
Add: Profit for the year	119,409,813	101,655,315
Amount available for appropriation	537,504,706	418,094,893
Less: Appropriations		
Proposed Dividend	252,000,000	-
Dividend Distribution Tax	42,827,400	-
Transferred to General Reserve	12,000,000	-
Closing Balance	230,677,306	418,094,893
Total	1,150,034,306	1,325,451,893
4 LONG – TERM PROVISIONS		
For employee benefits – gratuity	806,932	748,997
For Clawback Obligations	101,588,646	84,309,287
Total	102,395,578	85,058,284
5 TRADE PAYABLE		
Total outstanding dues to creditors other than micro enterprises and small enterprises	1,869,608	614,385
Total	1,869,608	614,385
6 OTHER CURRENT LIABILITIES		
Statutory dues	516,465	465,694
Employee benefits payable	16,978,100	14,949,000
Total	17,494,565	15,414,694
7 SHORT– TERM PROVISIONS		
For employee benefits – gratuity	102,579	85,263
For employee benefits – compensated absences	665,878	554,273
For Proposed dividend	252,000,000	-
For dividend distribution tax	42,827,400	-
Total	295,595,857	639,536

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

8 FIXED ASSETS

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				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	As at 31.03.2013
<u>i) TANGIBLE ASSETS:</u>										
<u>Owned Assets:</u>										
Furniture and Fixtures	2,193,133	-	-	2,193,133	1,215,051	219,313	-	1,434,364	758,769	978,082
Office Equipments	4,824,447	-	373,727	4,450,720	4,798,808	19,596	373,657	4,444,747	5,973	25,639
Computers	2,213,947	-	29,668	2,184,279	1,485,138	182,107	13,268	1,653,977	530,302	728,809
Leasehold Improvements	14,465,811	-	14,465,811	-	13,685,361	780,445	14,465,806	-	-	780,450
Vehicles	11,014,965	-	-	11,014,965	7,333,250	2,202,993	-	9,536,243	1,478,722	3,681,715
Total	34,712,303	-	14,869,206	19,843,097	28,517,608	3,404,454	14,852,732	17,069,331	2,773,769	6,194,695
<u>ii) INTANGIBLE ASSETS:</u>										
Software	2,807,407	-	-	2,807,407	2,807,367	-	-	2,807,367	40	40
Total	2,807,407	-	-	2,807,407	2,807,367	-	-	2,807,367	40	40
Total	37,519,710	-	14,869,206	22,650,504	31,324,975	3,404,454	14,852,732	19,876,698	2,773,809	6,194,735
Previous Year	39,114,148	802,713	2,397,151	37,519,710	27,338,373	6,186,561	2,199,959	31,324,975	6,194,735	

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

9 NON-CURRENT INVESTMENTS

Particulars	As at 31.03.2014		As as 31.03.2013	
	No of units /shares	Rupees	No of units /shares	Rupees
I. Other Investments				
(a) Investment in Venture capital Fund Units				
<i>Unquoted:</i>				
<i>(Face Value Rs. 100/-)(Fully paid up)(at cost)</i>				
JM Financial India Fund – Scheme A – Class D units	1,651,536	165,153,626	1,841,040	184,103,968
JM Financial India Fund III – Scheme C – Class D units	957,351	95,735,103	959,199	95,919,921
<i>(Face Value Rs. 1/-) (Fully paid up)(at cost)</i>				
JM Financial India Fund – Scheme A – Class C units	364,775	364,775	364,775	364,775
JM Financial India Fund – Scheme B – Class C units	313,097	313,097	313,097	313,097
JM Financial India Fund III – Scheme C – Class C units	60,540	60,540	60,540	60,540
JM Financial India Fund III – Scheme D – Class C units	49,057	49,057	49,057	49,057
JM Financial India Fund (Settlor's Contribution)	NA	10,000	NA	10,000
JM Financial India Fund III (Settlor's Contribution)	NA	10,000	NA	10,000
<i>Unquoted:</i>				
<i>(Face Value Rs. 10,000/-)(at cost)</i>				
JM Financial Property Fund – Class C units (Partly paid up)	75,000	516,610,493	75,000	645,310,736
JM Financial Property Fund – Class B units (Partly paid up)	50	491,698	50	491,698
JM Financial Property Fund – Class B units (Partly paid up)	50	500,000	50	500,000
JM Financial Property Fund (Settlor's Contribution)	NA	10,000	NA	10,000
(b) Investment in equity instruments				
<i>Quoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
Oseaspre Consultants Ltd	4,250	42,980	4,250	42,980
Technojat Consultants Ltd	4,250	43,056	4,250	43,056
<i>Unquoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
Investment In Subsidiary				
CR Retails Malls (India) Limited	20,000,000	437,436,169	12,403,870	251,246,654
(c) Investments in preference shares				
<i>(Face Value Rs 10/-)(Fully paid up)(at cost)</i>				
6% Optionally Convertible Preference Shares of JM Financial Commtrade Limited	11,000,000	110,000,000	-	-
Preference shares of VCK Forex Services Pvt Ltd	5,000,000	50,000,000		
(d) Investments in Mutual Funds				
<i>Unquoted</i>				
<i>(Face Value Rs. 10/-)(Fully paid up)(at cost)</i>				
JM Multi Strategy Fund – Dividend Plan	-	-	17,854	234,880
JM Equity Fund – Dividend Plan	-	-	15,167	227,636
Grand Total (I) + (II)		1,376,830,594		1,178,938,998

Notes:

	As at 31.03.2014		As at 31.03.2013	
	Cost	Market Value	Cost	Market Value
1. Aggregate value of	Rupees	Rupees	Rupees	Rupees
Quoted Investments	86,036	85,000	86,036	85,000
2. The aggregate cost of unquoted investments is Rs. 1,376,744,558/- (Previous Year Rs. 1,178,852,962/-).				
3. Redemption of units of venture capital fund is at the sole discretion of the trustees to the venture capital fund. However, the contributor can transfer the units with prior approval of the trustees to the venture capital fund.				

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
10 DEFERRED TAX ASSETS (NET)		
Differences in tax and books written down value of fixed assets	4,650,537	4,136,549
Provision for leave encashment	226,332	179,834
Provision for Gratuity	287,259	249,786
Employee benefits payable	548,259	523,338
Total	5,712,386	5,089,507
11 LONG – TERM LOANS AND ADVANCES		
a. Secured Deposits	39,600	39,600
Unsecured, considered good	39,600	39,600
b. Other Loans and Advances		
Unsecured, considered good		
Inter Corporate Deposits	67,500,000	100,000,000
Advance Tax and Tax Deducted at Source (Net of provisions)	6,595,253	5,174,238
	74,095,253	105,174,238
Total	74,134,853	105,213,838
12 CASH AND CASH EQUIVALENTS		
Cash on hand	-	30,583
Bank Balances:		
In Current Accounts	4,070,941	2,248,930
In Deposit Accounts (less than 3 months maturity)	30,100,000	64,000,000
	34,170,941	66,279,513
Other Bank Balances	65,075,000	59,600,000
Total	99,245,941	125,879,513
13 SHORT – TERM LOANS AND ADVANCES		
Staff Advances (Unsecured and considered good)	-	51,419
Advances recoverable in cash or kind or for value to be received	9,068,456	7,163,985
<i>Security Deposit (Unsecured considered good)</i>		
- To Related Parties	4,900,000	4,900,000
- To Others	-	7,429,500
Total	13,968,456	19,544,904
14 OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposits	4,198,047	4,317,297
Interest Accrued Others	8,525,828	-
Total	12,723,875	4,317,297

JM FINANCIAL INVESTMENT MANAGERS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS

	Current Year Rupees	Previous Year Rupees
15 REVENUE FROM OPERATIONS		
Management fees	114,841,100	116,191,457
Interest earned on Bank Deposits	5,885,644	5,658,950
Total	120,726,744	121,850,407
16 OTHER INCOME		
Dividend	16,735,082	64,111,184
Interest Income	39,774,882	16,221,266
Profit on sale of Investments	59,019,142	1,714,461
Miscellaneous Income	2,378	362,241
Total	115,531,484	82,409,152

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

	Current Year Rupees	Previous Year Rupees
17 EMPLOYEE BENEFITS EXPENSE		
Salaries, Bonus and Allowances	31,852,809	32,711,481
Contribution to Provident Fund and Other Funds	664,909	908,006
Staff Welfare	162,776	256,760
Total	32,680,494	33,876,247
18 FINANCE COST		
Interest Expense	421,918	13,579
Total	421,918	13,579
19 OTHER EXPENSES		
Rent	7,602,996	6,317,588
Rates and Taxes	508,624	183,586
Insurance Expenses	425,256	548,299
Repairs and Maintenance	173,212	439,744
Communication Expenses	223,441	228,309
Legal and Professional fees	1,572,208	2,224,981
Auditor's Remuneration	177,294	544,363
Membership and Subscription	484,180	315,376
Electricity expenses	666,123	1,065,958
Fund Expenses	3,580,003	3,573,729
Donation	1,030,000	1,000,000
Provision for Clawback Obligation	17,279,359	32,163,853
Loss on foreign Exchange Fluctuation	-	2,272
Motor car expenses	1,304,492	1,064,985
Manpower expenses	1,820,420	1,918,373
Miscellaneous expenses	1,368,515	1,030,515
Total	38,216,123	52,621,931

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

21 EARNING PER SHARE

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

Particulars	As at 31 March 2014	As at 31 March 2013
Profit after tax (Rupees)	119,409,813	101,655,315
Profit attributable to the equity shareholders for the purpose of basic/ diluted earnings per share (Rupees)	119,409,813	101,655,315
Weighted average number of equity shares outstanding during the year for basic/ diluted earnings per share	1,800,000	1,800,000
Basic/ diluted earnings per share – Rupees	66.34	56.48
Nominal value per share – Rupees	10.00	10.00

22 CONTINGENT LIABILITY

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Clawback obligation towards JM Financial Property Fund I	-	10,619,698
Contingent liability in respect of income tax demands for various years disputed in appeal	2,321,910	2,321,910
Total	2,321,910	12,941,608

23 EXPENDITURE IN FOREIGN CURRENCY

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
Fund Expenses	3,580,003	3,573,729
Legal and Professional Fees	104,468	858,446
Conveyance and Refreshment Expenses	-	6,867
Total	3,684,471	4,439,042

24 PAYMENTS TO AUDITORS

	As at 31.03.2014 Rupees	As at 31.03.2013 Rupees
a. audit fees	122,500	122,500
b. for taxation matters	45,000	400,000
c. for other services	9,794	21,863
Total	177,294	544,363

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

25 EMPLOYEE STOCK OPTION

Based on the request made by JM Financial Investment Managers Limited ('the Company'), JM Financial Limited, in accordance with Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, has granted the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 1,67,211 stock options have been granted on April 21, 2011, 3,33,330 have been granted on April 16, 2012 and 49,998 stock options have been granted on May 6, 2013

The particulars of vesting of the stock options granted to the Employees are given in the below table

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

Vesting Date	Options (Nos.)	Status	Exercise Year	Exercise Price (Rupee)
21st April 2012	55,737	Vested	Seven years from the date of Grant	1
21st April 2013	55,737	Vested	Seven years from the date of Grant	1
21st April 2014	55,737	To be vested	Seven years from the date of Grant	1
16th April 2013	111,110	To be vested	Seven years from the date of Grant	1
16th April 2014	111,110	To be vested	Seven years from the date of Grant	1
16th April 2015	111,110	To be vested	Seven years from the date of Grant	1
6th May 2014	16,666	To be vested	Seven years from the date of Grant	1
6th May 2015	16,666	To be vested	Seven years from the date of Grant	1
6th May 2016	16,666	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	354,644	98,361
Granted during the year	49,998	333,330
Lapsed/transferred during the year	-	44,261
Exercised during the year	260,653	32,786
Outstanding at the end of the year	143,989	354,644
Excercisable at the end of the year	-	199,998

The charge on account of the above scheme included in employee benefit expense aggregate Rs.3,437,491/- (Previous year, Rs. 22,45,707/-). Since the options are issued by JM Financial Limited, the Ultimate Holding Company, basic and diluted earnings per share of the Company would remain unchanged.

26 SEGMENT REPORTING

a. Primary Segment (by Business segments):

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

b. Secondary Segment (by Geographical segments):

The company operates only in one geographical segment.

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

26 LEASES

a. Operating Lease

The current office premises of the Company is under operating lease upto March 31, 2015

Particulars	Total lease payments outstanding as at March 31, 2014	Total lease payments outstanding as at March 31, 2013
Not later than 1 year	4,812,000	4,745,475
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Expenditure debited to profit & loss account	7,602,996	6,317,588

27 EMPLOYEE BENEFITS

A. Defined benefit plans

a. Gratuity

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2014	For the year ended March, 31 2013
Present value of the defined benefit obligation at the year end	909,511	834,260
Fair value of plan assets	-	-
Net Liability	909,511	834,260

Amount recognised in salary, wages and employee benefits in the profit and loss account with respect to gratuity	For the year ended March 31, 2014	For the year ended March, 31 2013
Current service cost	94,548	118,295
Interest on defined obligations	71,780	110,426
Expected return on plan assets	-	-
Net actuarial (gains) / loss recognised during the year	(91,077)	319,962
Past service cost	-	-
Net gratuity cost	75,251	548,683

Actual return on plan assets	For the year ended March 31, 2014	For the year ended March, 31 2013
Expected return on plan assets	-	-
Actuarial gain / (loss) on plan assets	-	-

Reconciliation of present value of the obligation and the fair value of the plan assets	For the year ended March 31, 2014	For the year ended March, 31 2013
Opening defined benefit obligation	834,260	1,221,193
Current service cost	94,548	118,295
Interest cost	71,780	110,426
Actuarial (gain) / loss	(91,077)	319,962
Past service cost	-	-
Liability assumed on acquisition / (settled on divestiture)	-	64,384
Benefits paid	-	(1,000,000)
Closing defined benefit obligation	909,511	834,260

JM FINANCIAL INVESTMENT MANAGERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

EMPLOYEE BENEFITS (Continued)

Change in fair value of plan assets	For the year ended March 31, 2014	For the year ended March, 31 2013
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	1,000,000
Benefits paid	-	(1,000,000)
Closing fair value of the plan assets	-	-

Investment details of plan assets	For the year ended March 31, 2014	For the year ended March, 31 2013
Investment details of plan assets	-	-

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2014	For the year ended March 31, 2013
Discount rate	9.10%	8.10%
Estimated rate of return on plan assets	0%	0%
Retirement age	60 years	60 years
Salary escalation	7.00%	7.00%

Valuation assumptions

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

b. Compensated absences

As per Company policy, provision of Rs 111,605/- has been made (previous year provision Rs 56,112/-) towards compensated absence carry forward on actual basis. Provision for compensated absence as at March 31, 2014 is Rs. 665,878/- (previous year Rs. 554,273/-).

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident fund & other funds' Rs. 664,909 (previous year Rs. 554,273).

28 RELATED PARTY TRANSACTIONS

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

A. List of Related Parties:

- i) Holding Company
JM Financial Limited
- ii) Subsidiaries

CR Retail Malls (India) Limited

iii) Fellow Subsidiaries

JM Financial Products Limited
 Infinite India Investment Management Private Limited
 JM Financial Institutional Securities Limited
 JM Financial Properties and Holdings Ltd
 JM Financial Commtrade Limited (upto March 28, 2014)

iv) Individuals exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Nimesh N Kampani

v) Enterprise over which individuals control or significant influence by way of voting power in reporting enterprise along with relatives have significant influence

J.M. Financial and Investment Consultancy Services Private Limited
 JM Financial Commtrade Limited (w.e.f March 29, 2014)

B. Related Party Transactions

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

Name of Related Party	Relationship	Nature of Transaction	2012-13	2011-12
JM Financial Limited	Holding Company	ESOP Charges	3,437,491	2,245,707
		Gratuity Liability in respect of Employee transfer	-	64,384
		Purchase of Asset	-	62,546
		Expenses Reimbursed	-	2,565
		Closing Balance receivable / (payable)	-	-
CR Retail Malls (India) Limited	Subsidiary	Inter Corporate Deposit given	-	100,000,000
		Interest received on above	11,967,945	5,490,411
		ICD repaid during the year	32,500,000	-
		Closing Balances receivable	67,500,000	100,000,000
Infinite India Investment Management Pvt Ltd	Fellow Subsidiaries	Expenses recovered	38,676	52,112
		Sale of asset	16,400	-
		Closing Balance receivable / (payable)	-	-
JM Financial Institutional Securities Ltd	Fellow Subsidiaries	Reimbursement of car Lease Rental	348,363	418,576
		Petrol Deposit Recovered	-	10,000
		Purchase of Fixed Assets	-	52,447
		Reimbursement of Expenses paid	48,393	67,592
		ICD given and recovered	700,000,000	-
		Interest earned on ICD	441,096	-
J.M. Financial & Investment Consultancy Services Pvt Ltd	Enterprise over which individuals control or significant influence by way of voting power in reporting enterprise along with relatives have,	Expenses Reimbursement	357,892	248,360
		Closing Balance receivable / (payable)	-	-

	significant influence			
JM Financial Products Limited	Fellow Subsidiaries	Inter Company Deposit taken and repaid	700,000,000	-
		Interest paid on above	421,918	-
		Purchase of Investment (Equity Shares)	186,105,185	
		Closing Balance receivable / (payable)	-	-
JM Financial Properties and Holdings Limited	Fellow Subsidiaries	Deposit paid for Premises	-	4,900,000
		Rent paid	4,812,000	785,400
		Expenses paid	775,764	167,638
		Closing Balance receivable / (payable)	4,900,000	4,900,000
Stellar Investments	Partnership	Share of Profit / (Loss)	-	311,564
JM Financial Commtrade Limited	Fellow Subsidiaries (upto March 28, 2014)	Investment in Preference Shares	110,000,000	-
	Enterprise over which individuals control or significant influence by way of voting power in reporting enterprise along with relatives have, significant influence (w.e.f. March 29, 2014)	Closing Balance Receivable / (payable)	-	-

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

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

For and on behalf of the Board

Arun Arora
Proprietor
Membership No. A-12018

Place : Mumbai
Date: 21 April 2014

Vishal Kampani
Chairman

Place : Mumbai
Date: 21 April 2014

Dipti Neelakantan
Director