



# **JM FINANCIAL SERVICES LIMITED**

***Audited Financial Statements***

***FY 2014-15***

**Corporate Identity Number - U67120MH1998PLC115415**

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## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF JM FINANCIAL SERVICES LIMITED

#### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **JM FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

#### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
  - (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, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

8. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) the Company has disclosed the impact of pending litigations on its financial position in its financial statements (refer note 24 to the financial statements);
    - (ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

**MUMBAI, 18th May, 2015**

## 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 for the year are such that clauses (ii), (v) and (vi) of the Order are not applicable. In respect of the other clauses, we report as under:

(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.

(ii) The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

(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 has 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) According to information and explanations given to us, and the books of account of the Company examined by us, in respect of statutory and other dues:

- (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There are no cases of non-deposit with the appropriate authorities of disputed dues of Sales Tax, Wealth Tax, Customs Duty, Excise Duty and Cess.

Details of dues of Income-tax and Service Tax which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates (Financial Year)	Amount involved (Rs.)
Income-tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2010-11	306,285,940
Income-tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	2011-12	569,756,042
Finance Act, 1994	Service tax	Central Excise and Service Tax Appellate Tribunal	2002 to 2009	3,033,588

- (c) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has no dues to financial institutions and debenture holders.
- (vii) 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.
- (viii) 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.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no material fraud by or on the Company has 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, 18th May, 2015**

**JM FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2015**

	Note No.	Rupees	As at 31st March 2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	500,000,000	500,000,000
Reserves and Surplus	3	2,171,224,101	1,865,066,611
		<b>2,671,224,101</b>	<b>2,365,066,611</b>
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	1,714,557	2,517,534
Long-term provisions	5	49,198,417	39,398,726
		<b>50,912,974</b>	<b>41,916,260</b>
<b>Current Liabilities</b>			
Short-term borrowings	6	3,464,453,780	-
Trade payables	7	1,843,235,870	2,413,227,533
Other current liabilities	8	325,245,889	204,592,245
Short-term provisions	9	23,425,559	21,307,942
		<b>5,656,361,098</b>	<b>2,639,127,720</b>
<b>Total</b>		<b>8,378,498,173</b>	<b>5,046,110,591</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets:	10		
Tangible assets		85,291,830	80,330,911
Intangible assets		36,860,863	19,559,225
Intangible assets under development		16,169,081	6,836,442
		138,321,774	106,726,578
Non-current investments	11	173,503,158	7,503,158
Deferred tax assets (net)	12	29,629,988	28,134,574
Long-term loans and advances	13	1,668,425,064	620,550,213
		<b>2,009,879,984</b>	<b>762,914,523</b>
<b>Current assets</b>			
Current investments	14	8,368,618	-
Trade receivables	15	2,167,073,265	1,751,382,442
Cash and bank balances	16	2,442,563,675	2,428,301,775
Short-term loans and advances	17	1,660,629,898	84,347,618
Other current assets	18	89,982,733	19,164,233
		<b>6,368,618,189</b>	<b>4,283,196,068</b>
<b>Total</b>		<b>8,378,498,173</b>	<b>5,046,110,591</b>
Notes to the financial statements	1 to 34		

In terms of our report attached

For and on behalf of the Board

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**A. Siddharth**

Partner

**Nimesh N Kampani**

Chairman

DIN : 00009071

**Hemant Kotak**

Director & Chief Financial Officer

DIN : 00412903

**Anil Mavinkurve**

**Wholetime Director & Company Secretary**

DIN : 00740703

**Place : Mumbai**

**Date : May 18, 2015**

**Place : Mumbai**

**Date : May 18, 2015**

**JM FINANCIAL SERVICES LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

	Note No.	Rupees	31st March 2014 Rupees
<b>Revenue:</b>			
Revenue from operations	19	2,626,736,931	1,997,168,996
Other Income	20	125,746,876	16,850,187
<b>Total Revenue</b>		<b>2,752,483,807</b>	<b>2,014,019,183</b>
<b>Expenses:</b>			
Sub brokerage, incentive, transaction costs and other direct expenses		921,110,124	759,081,537
Employee benefit expenses	21	722,866,042	552,021,773
Finance costs	22	233,929,639	236,766,443
Depreciation and amortisation expense		39,915,060	34,339,460
Other expenses	23	369,610,333	416,067,663
<b>Total Expenses</b>		<b>2,287,431,198</b>	<b>1,998,276,876</b>
<b>Profit before tax</b>		<b>465,052,609</b>	<b>15,742,307</b>
<b>Tax expense:</b>			
Current tax		155,700,000	-
Deferred tax		(314,420)	(1,595,376)
Tax adjustments for earlier years (net)		1,216,000	-
		<b>156,601,580</b>	<b>(1,595,376)</b>
<b>Profit for the year</b>		<b>308,451,029</b>	<b>17,337,683</b>
<b>Earning per share:</b>			
Equity shares of face of Rs. 10/- each	31		
Basic		6.17	0.35
Diluted		6.17	0.35
Notes to the financial statements	1 to 34		

In terms of our report attached

For and on behalf of the Board

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**A. Siddharth**

Partner

**Nimesh N Kampani**

Chairman

DIN : 00009071

**Hemant Kotak**

Director & Chief Financial Officer

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DIN : 00740703

**Place : Mumbai**

**Date : May 18, 2015**

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**Date : May 18, 2015**

**JM FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

	Rupees	31st March, 2014 Rupees
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax	465,052,609	15,742,307
Adjustments for :		
Depreciation/amortisation	39,915,060	34,339,460
(Profit)/Loss on sale of fixed assets (net)	(239,153)	174,895
Loss on sale of non-current investments (non-trade)	-	500,000
Bad debts (written back)off	-	3,412,511
Provision for diminution in value of non-current investments made	-	37,500,000
Diminution in value of securities written back	(421,161)	-
Interest expenses	233,929,639	236,766,443
Dividend income on non-current investment (non-trade)	(349,729)	(422,884)
Share of profit from partnership firm where the Company is a Partner	(14,331,030)	-
Interest income	(110,240,237)	(15,779,965)
<b>Operating Profit before Working Capital Changes</b>	<b>613,315,998</b>	<b>312,232,767</b>
Adjustment for:		
(Decrease)/Increase in trade payables	(569,991,663)	829,103,759
Increase/(Decrease) in other current liabilities	120,112,347	(183,544,967)
Increase in short term provisions	2,117,617	604,493
Increase/(Decrease) in long term provisions	9,799,691	(349,606)
(Increase)/Decrease in long term loans and advances	(1,039,356,558)	21,902,449
(Increase) in trade receivables	(415,690,823)	(314,136,926)
(Increase)/Decrease in other bank balances	(580,478,003)	1,564,411,308
(Increase)/Decrease in short term loans and advances	(1,576,282,280)	287,143,892
Decrease in assets held for arbitrage	-	3,191,630,692
(Increase)/Decrease in other current assets	(70,397,339)	144,733
<b>Cash (used in)/generated from operations</b>	<b>(3,506,851,013)</b>	<b>5,709,142,594</b>
Income taxes paid	(165,434,293)	(178,159,656)
<b>Net cash (used in)/generated from operating activities</b>	<b>(3,672,285,306)</b>	<b>5,530,982,938</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(75,289,969)	(70,490,637)
Sale of fixed assets	282,653	806,265
Dividend income on non-current investment (non-trade)	349,729	422,884
Investment in subsidiary company (non-trade)	(160,000,000)	(50,000,000)
Contribution to capital account of partnership firm	(6,000,000)	-
Contribution to current account of partnership firm (net)	(8,368,618)	-
Share of profit from partnership firm where the Company is a Partner	14,331,030	-
Sale of investments in subsidiary company (non-trade)	-	50,100,000
Interest received	110,240,237	40,259,829
<b>Net Cash (used in) Investing Activities</b>	<b>(124,454,938)</b>	<b>(28,901,659)</b>

	Rupees	31st March, 2014 Rupees
<b>C Cashflow from Financing Activities</b>		
Proceeds/(Repayment) from short term borrowings (net)	3,464,453,780	(4,846,002,111)
Interest paid	(233,929,639)	(188,969,949)
<b>Net Cash generated from/(used in) Financing Activities</b>	<b>3,230,524,141</b>	<b>(5,034,972,060)</b>
<b>Net (dcrease)/increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(566,216,103)</b>	<b>467,109,219</b>
Cash and cash equivalents at the beginning of the year	682,650,775	215,541,556
Cash and cash equivalents at the end of the year (Note 16)	116,434,672	682,650,775

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

**For and on behalf of the Board**

**A. Siddharth**

Partner

**Nimesh N Kampani**

Chairman

DIN : 00009071

**Place : Mumbai**

**Date : May 18, 2015**

**Hemant Kotak**

Director &

Chief Financial Officer

DIN : 00412903

**Anil Mavinkurve**

Wholetime Director & Company Secretary

DIN : 00740703

Place : Mumbai

Date : May 18, 2015

## JM FINANCIAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

#### 1 Significant Accounting Policies:

##### a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

##### b) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Difference between the actuals and estimates are recognized in the period in which the results are known / materialized.

##### c) Fixed assets

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

##### d) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the

Companies Act, 2013 (also refer note 10.2).

Leasehold improvements are depreciated over the period of lease or useful life of the asset whichever is lower.

Assets acquired under finance lease are depreciated over the period of lease.

Assets costing Rs.5, 000/- or less are depreciated at 100%.

##### e) Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any.

Intangible assets are amortised on a straight line basis as under:

Asset	Useful Life
Software	5 years
Membership, The Stock Exchange, Mumbai	10 years
Exchange Deposits - Non refundable	10 years

##### f) Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s). Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash-flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Net selling price is the amount obtainable from sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

## **g) Investments**

Current investments are carried at lower of cost and fair value. Non-current investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of non-current investments.

## **h) Revenue Recognition**

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

Brokerage and Distribution, selling, advisory and other fees: These are recognised net of service tax recovered.

- Brokerage earned from executing client transactions on the secondary market in "Cash" and "Future and Option" segments are recognised in the accounts on the trade date.
- Fees earned from primary market operations, i.e. procuring subscription from investors for public offerings of companies are recognised on determination of the amount due to the company, once allotment of securities is completed.
- Fees earned for mobilizing bonds, fixed deposits from companies and funds for mutual funds from investors are recognised on monthly, quarterly or annual basis as set forth in terms of the engagement.
- Fees from Structured products, Depository Participant business and Portfolio Management Services are recognised when the services are determined to be completed

## **i) Arbitrage business**

The Company enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Company has adopted the recognition and measurement principles enunciated in 'Accounting Standard 30' (AS-30), 'Financial Instruments; Recognition & Measurement' to the extent it is not inconsistent with the 'Accounting Standards' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, for the arbitrage transactions of the Company, encompassing purchase of equity shares in the cash market and selling the same in the futures market; selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and purchase/sale of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for arbitrage business'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the Statement of Profit and Loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

## **j) Stock in Trade**

Stock in Trade, other than held for arbitrage operations, is valued at cost or net realizable value, whichever is lower. Cost is determined on First in First out (FIFO) basis.

## **k) Employee Benefits**

### **i. Post Employment 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 Statue / 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.

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**ii. Short term employee benefits:**

Short term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

**l) Foreign currency transactions**

Transactions in foreign currency are recorded at rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising thereon and on realisation/ payment of foreign exchange are accounted in the relevant year as income or expense.

**m) Taxes on income**

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. 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.

**n) 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.

**o) Provisions and contingencies**

A provision is recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the Company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

**JM FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

	Rupees	As at 31st March 2014 Rupees
<b>2 Share Capital</b>		
<b>Authorised</b>		
55,000,000 Equity Shares of Rs. 10/- each	550,000,000	550,000,000
10,000,000 Preference Shares of Rs.10/- each	100,000,000	100,000,000
	650,000,000	650,000,000
<b>Issued, Subscribed and Fully paid-up</b>		
50,000,000 Equity Shares of Rs.10/- each	500,000,000	500,000,000
<b>Total</b>	<b>500,000,000</b>	<b>500,000,000</b>
2.1 Details of shareholders holding more than 5% shares:		
<u>JM Financial Products Limited, the holding company</u>		
Number of shares	45,500,000	45,500,000
% of holding	91%	91%
<u>JM Financial Institutional Securities Limited, a fellow subsidiary company</u>		
Number of shares (including one share jointly held with Mr. Nimesh Kampani)	4,500,000	4,500,000
% of holding	9%	9%
2.2 JM Financial Limited is the ultimate holding company.		
<b>3 Reserves and Surplus</b>		
Capital redemption reserve:		
As per last balance sheet	46,875,000	46,875,000
Securities premium account:		
As per last balance sheet	179,000,000	179,000,000
Balance in Statement of Profit and Loss:		
As per last balance sheet	1,639,191,611	1,621,853,928
Less : Depreciation on transition to schedule II of the Companies Act, 2013 on tangible fixed assets with 'Nil' remaining useful life (net of deferred tax ) ( refer note 10.2)	2,293,539	-
Add: Profit for the year	308,451,029	17,337,683
	1,945,349,101	1,639,191,611
<b>Total</b>	<b>2,171,224,101</b>	<b>1,865,066,611</b>
<b>4 Long-term borrowings</b>		
Long term maturities of finance lease obligations (Refer note no. 4.1 and 28)	1,714,557	2,517,534
<b>Total</b>	<b>1,714,557</b>	<b>2,517,534</b>
4.1 Finance lease (secured by way of hypothecation of vehicles)(refer note 28)		
Finance lease obligations	3,335,154	3,596,834
Less : Current maturities	1,620,597	1,079,300
<b>Total</b>	<b>1,714,557</b>	<b>2,517,534</b>
<b>5 Long term provisions</b>		
Provision for employee benefits - Gratuity (refer note no.29)	49,198,417	39,398,726
	<b>49,198,417</b>	<b>39,398,726</b>

	Rupees	As at 31st March 2014 Rupees
<b>6 Short-term borrowings</b>		
Bank overdrafts:		
Secured (refer note no. 6.1)	738,193,407	-
	738,193,407	-
Other loans (Unsecured):		
Commercial Paper	2,750,000,000	-
Less: Unamortised interest on commercial paper	23,739,627	
	2,726,260,373	
<b>Total</b>	<b>3,464,453,780</b>	<b>-</b>
6.1 Secured by pledge of fixed deposits with banks		
<b>7</b> There are no dues payable to Micro, Small and Medium Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.		
<b>8 Other current liabilities</b>		
Current maturities of finance lease obligations (refer note no. 4 and 28)	1,620,597	1,079,300
Margin from clients/franchisees	44,755,992	54,542,851
Overdrawn book balance	12,288,218	44,757,033
Employee benefits payable	237,315,259	87,897,479
Statutory dues	29,265,823	16,315,582
<b>Total</b>	<b>325,245,889</b>	<b>204,592,245</b>
<b>9 Short-term provisions</b>		
Provision for employee benefits:		
Compensated absences	20,345,188	18,384,996
Gratuity (refer note no. 29)	3,080,371	2,922,946
<b>Total</b>	<b>23,425,559</b>	<b>21,307,942</b>

**JM FINANCIAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015**

Description of Assets	GROSS BLOCK						DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1st April 2014	Additions	Deductions	As at 31st March 2015	Upto 31st March 2014	For the year	Transition adjustment (refer note 10.2)	Deductions	Upto 31st March 2015	As at 31st March 2015	Rupees		
<b>Tangible</b>													
Office Premises	6,948,170	-		6,948,170	366,121	115,831	-	-	481,952	6,466,218			
Furniture and Fixtures	38,031,938	1,774,152	296,223	39,509,867	31,841,042	1,921,111	-	268,646	33,493,507	6,016,360			
Computers	206,540,361	25,437,038	5,256,159	226,721,240	176,155,617	11,726,404	3,474,533	5,256,011	186,100,543	40,620,697			
Office Equipments	64,630,879	2,145,959	2,713,211	64,063,627	55,663,236	3,840,837	-	2,697,436	56,806,637	7,256,990			
Vehicles (taken on Lease) (Refer note 10.1)	5,312,009	941,919	-	6,253,928	1,874,191	1,329,367	-	-	3,203,558	3,050,370			
Leasehold Improvements	28,706,114	3,986,063	-	32,692,177	3,938,353	6,872,629	-	-	10,810,982	21,881,195			
<b>TOTAL</b>	<b>350,169,471</b>	<b>34,285,131</b>	<b>8,265,593</b>	<b>376,189,009</b>	<b>269,838,560</b>	<b>25,806,179</b>	<b>3,474,533</b>	<b>8,222,093</b>	<b>290,897,179</b>	<b>85,291,830</b>			
<b>Intangible</b>													
Software	96,761,402	31,410,519	-	128,171,921	77,202,177	14,108,881	-	-	91,311,058	36,860,863			
Membership, BSE Limited	14,300,000	-	-	14,300,000	14,300,000	-	-	-	14,300,000	-			
NSE Exchange Deposits - Non refundable	920,000	-	-	920,000	920,000	-	-	-	920,000	-			
<b>TOTAL</b>	<b>111,981,402</b>	<b>31,410,519</b>	<b>-</b>	<b>143,391,921</b>	<b>92,422,177</b>	<b>14,108,881</b>	<b>-</b>	<b>-</b>	<b>106,531,058</b>	<b>36,860,863</b>			
<b>TOTAL</b>	<b>462,150,873</b>	<b>65,695,650</b>	<b>8,265,593</b>	<b>519,580,930</b>	<b>362,260,737</b>	<b>39,915,060</b>	<b>3,474,533</b>	<b>8,222,093</b>	<b>397,428,237</b>	<b>122,152,693</b>			
Intangible assets under development - Software										16,169,081			

Previous Year :												
Description of Assets	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK			
	As at 1st April 2013	Additions	Deductions	As at 31st March 2014	Upto 31st March 2013	For the year	Transition adjustment	Deductions	Upto 31st March 2014	As at 31st March 2014		
<b>Tangible</b>												
Office Premises	6,948,170	-	-	6,948,170	252,293	113,828	-	-	366,121	6,582,049		
Furniture and Fixtures	41,371,825	1,990,326	5,330,213	38,031,938	34,361,656	2,308,475	-	4,829,089	31,841,042	6,190,896		
Computers	235,731,299	17,087,912	46,278,850	206,540,361	210,375,527	12,048,907	-	46,268,817	176,155,617	30,384,744		
Office Equipments	76,964,415	5,814,989	18,148,525	64,630,879	69,087,008	4,356,069	-	17,779,841	55,663,236	8,967,643		
Vehicles (taken on Lease) (Refer note 10.1)	5,274,936	2,657,110	2,620,037	5,312,009	2,944,691	1,448,218	-	2,518,718	1,874,191	3,437,818		
Leasehold Improvements	-	28,706,114	-	28,706,114	-	3,938,353	-	-	3,938,353	24,767,761		
<b>TOTAL</b>	<b>366,290,645</b>	<b>56,256,451</b>	<b>72,377,625</b>	<b>350,169,471</b>	<b>317,021,175</b>	<b>24,213,850</b>	<b>-</b>	<b>71,396,465</b>	<b>269,838,560</b>	<b>80,330,911</b>		
<b>Intangible</b>												
Software	88,134,399	8,627,003	-	96,761,402	67,076,567	10,125,610	-	-	77,202,177	19,559,225		
Membership, BSE Limited	14,300,000	-	-	14,300,000	14,300,000	-	-	-	14,300,000	-		
NSE Exchange Deposits - Non refundable	920,000	-	-	920,000	920,000	-	-	-	920,000	-		
<b>TOTAL</b>	<b>103,354,399</b>	<b>8,627,003</b>	<b>-</b>	<b>111,981,402</b>	<b>82,296,567</b>	<b>10,125,610</b>	<b>-</b>	<b>-</b>	<b>92,422,177</b>	<b>19,559,225</b>		
<b>TOTAL</b>	<b>469,645,044</b>	<b>64,883,454</b>	<b>72,377,625</b>	<b>462,150,873</b>	<b>399,317,742</b>	<b>34,339,460</b>	<b>-</b>	<b>71,396,465</b>	<b>362,260,737</b>	<b>99,890,136</b>		
Intangible assets under development - Software												
												6,836,442

10.1 Vendor has a lien over assets taken on lease by the Company

10.2 Pursuant to the Companies Act, 2013 ('the Act'), becoming effective from 1st April, 2014, the Company has reworked depreciation with reference to the estimated useful lives of fixed assets prescribed under Schedule II to the Act. As a result, the charge for depreciation is lower by Rs. 2,890,084/- for the year ended 31st March, 2015. Further, based on transitional provision in Note 7(b) of Schedule II, an amount of Rs. 2,293,539/- (net of deferred tax of Rs. 1,180,994/-) has been adjusted against the retained earnings.

	Rupees	As at 31st March 2014 Rupees
<b>11 Non-current investments</b>		
(Non-trade)		
<b>Investment in equity instruments</b>		
<u>In Subsidiary Companies:</u>		
5,000,000 equity shares of JM Financial Commtrade Limited of Rs. 10/- each fully paid up	50,000,000	50,000,000
Less : Provision for diminution	50,000,000	50,000,000
<u>In Others:</u>		
41,054 equity shares of BSE Limited of Re. 1/- each fully paid up	3,158	3,158
<b>Investments in preference shares</b>		
<u>In Subsidiary Company:</u>		
2,500,000 9% non-cumulative redeemable preference shares of JM Financial Commtrade Limited of Rs. 10/- each fully paid up	25,000,000	25,000,000
16,000,000 (Previous year : Nil) 6% optionally convertible redeemable non-cumulative preference shares of JM Financial Commtrade Limited of Rs. 10/- each fully paid up.	160,000,000	-
Less : Provision for diminution	17,500,000	17,500,000
	167,500,000	7,500,000
Capital Contribution in Astute Investments, a Partnership Firm (refer note 11.1 below)	6,000,000	-
<b>Total</b>	<b>173,503,158</b>	<b>7,503,158</b>
<b>11.1 Investment in Partnership Firm, Astute Investments (formed on 19th May, 2014)</b>		
<b>JM Financial Services Ltd (Partner) :</b>		
Capital contribution	6,000,000	-
Current account contribution (refer note 14)	8,368,618	-
Percentage share of Profit/Loss	60%	-
<b>JM Financial Commtrade Ltd (Partner) :</b>		
Capital contribution	4,000,000	-
Current account contribution	5,579,078	-
Percentage share of Profit/Loss	40%	-
<b>12 Deferred tax assets</b>		
Difference between books and tax written down value of fixed assets	5,969	1,894,979
Expense allowable on payment basis	17,769,560	14,385,136
Provision for Doubtful Debts	11,854,459	11,854,459
<b>Total</b>	<b>29,629,988</b>	<b>28,134,574</b>
<b>13 Long term loans and advances</b>		
(Unsecured and considered good)		
Capital advances	2,474,079	-
Deposits with stock exchanges, professional clearing member etc	1,120,163,100	66,865,353
Deposits for premises [including with related party Rs. 69,905,000/- (as at 31st March 2014, Rs. 76,120,000/-)(refer note 30)	83,743,921	93,344,326
Other deposits	2,050,538	2,676,204

	Rupees	As at 31st March 2014 Rupees
Service tax deposit paid under protest	6,300,000	6,300,000
Loan given to Employee Welfare Trust	165,000,000	172,500,000
Advance tax (net of provisions)	286,440,206	277,921,913
Prepaid Expenses	1,064,106	155,122
Staff Loans	1,189,114	787,295
<b>Total</b>	<b>1,668,425,064</b>	<b>620,550,213</b>
<b>14 Current investments</b>		
Contributions to Partnership Firm where a company is a Partner on Current Account (refer note 11.1)	8,368,618	-
	<b>8,368,618</b>	<b>-</b>
<b>15 Trade receivables</b>		
<u>Trade receivables outstanding for a period exceeding six months from the date they are due for payment:</u>		
Secured, considered good	-	2,951,361
Unsecured, considered good	-	-
Unsecured, considered doubtful	29,723,398	30,887,209
	29,723,398	33,838,570
Less: Provision for doubtful debts	29,723,398	30,887,209
	-	2,951,361
<u>Other trade receivables:</u>		
Secured, considered good	1,164,151,666	991,489,064
Unsecured, considered good (Refer note 15.1)	1,002,921,599	756,942,017
Unsecured, considered doubtful	5,152,916	3,989,105
	2,172,226,181	1,752,420,186
Less: Provision for doubtful debts	5,152,916	3,989,105
	2,167,073,265	1,748,431,081
	<b>2,167,073,265</b>	<b>1,751,382,442</b>
15.1 Includes amounts receivable from clearing house/(s) Rs. 576,724,728/- (Previous Year Rs. 643,320,544/-)		
<b>16 Cash and bank balances</b>		
Cash and cash equivalents:		
Balances with banks		
In Current Accounts	116,434,672	682,650,775
Other bank balances:		
In Deposit Accounts (refer note 16.1 and 16.2)	2,326,129,003	1,745,651,000
<b>Total</b>	<b>2,442,563,675</b>	<b>2,428,301,775</b>

	Rupees	As at 31st March 2014 Rupees
16.1 Bank Deposits of Rs 1,111,129,004 /- (as at 31st March 2014, Rs 876,151,000/-) are under lien and lodged with Stock Exchanges towards base/additional base capital.		
16.2 Bank Deposits of Rs.1,215,000,000/- (as at 31st March 2014, Rs. 869,500,000/-) are under lien with banks towards overdraft facilities and guarantees given by the banks to Stock Exchanges		
<b>17 Short-term loans and advances</b> (Unsecured and considered good)		
Loans and advances to related parties	139,482	-
Deposits with stock exchanges and professional clearing member	1,615,219,011	33,018,134
Deposits for premises	11,753,305	6,176,340
Service tax credit receivable	12,368,202	28,225,718
Prepaid Expenses	15,289,537	14,760,493
Staff Loans	1,386,309	733,600
Others (employee advance, advance for expenses, etc)	4,474,052	1,433,333
<b>Total</b>	<b>1,660,629,898</b>	<b>84,347,618</b>
<b>18 Other current assets</b> (Unsecured and considered good)		
Interest accrued on bank deposits etc	86,509,011	16,453,998
Securities held for settlement of claims	3,473,722	2,710,235
	<b>89,982,733</b>	<b>19,164,233</b>
<b>19 Revenue from operations</b>		
<b>Rendering of financial services</b>		
Brokerage	1,005,569,053	546,659,255
Distribution, selling, advisory and other fees	1,230,819,695	1,022,203,553
	2,236,388,748	1,568,862,808
<b>Other operating revenues</b>		
Income from arbitrage business	-	66,736,798
Dividend on equity shares held for arbitrage business	-	74,824,293
Interest income on fixed deposit placed as margin, etc	263,492,953	212,786,558
Income from trading in bonds	20,574,096	1,166,349
Profit on sale of current investments	14,872,129	37,251,644
Delayed payment charges recovered from clients	83,782,481	30,371,435
Recoveries from clients/franchisees etc	7,626,524	5,169,111
	390,348,183	428,306,188
<b>Total</b>	<b>2,626,736,931</b>	<b>1,997,168,996</b>

	Rupees	As at 31st March 2014 Rupees
<b>20 Other income</b>		
Interest income	110,240,237	15,779,965
Share of profit from partnership firm where the Company is a Partner	14,331,030	-
Dividend Income		
- On non current investments (Non-trade)	349,729	422,884
Profit on sale of fixed assets (net)	239,153	-
Diminution in value of securities written back	421,161	-
Miscellaneous income	165,566	647,338
<b>Total</b>	<b>125,746,876</b>	<b>16,850,187</b>
<b>21 Employee benefit expense</b>		
Salaries, bonus, other allowances and benefits	678,837,283	517,467,134
Contribution to provident and other funds	24,609,785	23,720,419
Gratuity (refer note 29)	12,711,461	3,072,516
Staff welfare	6,707,513	7,761,704
<b>Total</b>	<b>722,866,042</b>	<b>552,021,773</b>
<b>22 Finance Costs</b>		
Interest expense :		
Bank Overdraft	27,036,897	27,097,523
Inter Corporate Deposits	1,003,562	1,380,391
Commercial Papers	193,258,223	171,822,694
Margin Deposits	5,216,008	7,932,573
Finance charges on leased assets	748,301	633,672
Other borrowing costs :		
Bank Guarantee charges	6,666,648	6,478,295
Securities borrowing costs	-	21,421,295
<b>Total</b>	<b>233,929,639</b>	<b>236,766,443</b>
<b>23 Other expenses</b>		
Space and other related costs (refer note 28)	79,851,177	102,839,394
Rates and taxes	14,100,957	6,545,395
Repairs and maintenance	16,685,637	17,106,156
Professional and consultancy charges	18,244,359	17,928,389
Communication expenses	15,044,861	18,469,277
Information technology expenses	60,977,743	57,870,872
Membership and subscription	9,575,129	9,534,670
Electricity	13,865,160	20,366,318
Insurance	14,876,199	11,815,242

	Rupees	As at 31st March 2014 Rupees
Printing and stationery	8,625,332	9,697,678
Donations	9,400,000	5,027,000
Manpower expenses	55,936,802	53,856,044
Auditors remuneration	1,469,083	1,427,612
Director's Commission	600,000	200,000
Travelling expenses	9,040,726	7,071,865
Loss on Sale/Discard of Fixed Assets (Net)	-	174,896
Loss on sale of non-current investments (non-trade)	-	500,000
Bad Debts written off	-	3,412,511
Provision for diminution in value of long term investments	-	37,500,000
Business development expenses	7,023,403	5,283,115
Renovation expenses	146,623	555,031
Miscellaneous expenses	38,541,242	30,691,198
	374,004,433	417,872,663
Recovery of expenses	(4,394,100)	(1,805,000)
<b>Total</b>	<b>369,610,333</b>	<b>416,067,663</b>

## 24 Contingent Liabilities and commitments

### Contingent Liabilities

- i Service tax demand raised in respect of distribution of RBI Bonds for Rs. 9,333,588/- (previous year Rs. 9,333,588/-) against which the Company has preferred an appeal before Tribunal/Commissioner of Service Tax and has paid an amount of Rs. 6,300,000/- under protest.
- ii Income tax demand of Rs. 6,134,387/- (previous year, Rs 1,584,998/-) in respect disputed disallowances under the Income Tax Act,1961.

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

### **Commitments**

Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.4,124,015/- (previous year, Rs.1,524,614/-).

## 25 Payment to Auditors (excluding service tax)

	Rupees	Previous Year Rupees
a) As auditors	900,000	850,000
b) For limited review	400,000	400,000
c) Other matters (Certification etc)	130,000	150,000
d) Out of pocket expenses	39,083	27,612
<b>Total</b>	<b>1,469,083</b>	<b>1,427,612</b>

## 26 Expenditure in Foreign Currency

	Rupees	Previous Year Rupees
Travelling Expenses	-	442,052
Purchase of EDP Software	-	12,965
Information Technology Expenses	222,196	307,272
<b>Total</b>	<b>222,196</b>	<b>762,289</b>

## 27 Segment Information

Primary Segment of the Company is business segment. The Company has identified two business segments: -

- i. Rendering of Financial Services: This includes broking income from Primary and Secondary Market business, income from Depository Participant activities, income from Portfolio Management Services etc.
- ii. Arbitrage business

Particulars	Rupees		
	Rendering of Financial Services	Arbitrage Business	Total
Segment Revenue	2,626,736,931	-	2,626,736,931
	(1,815,489,232)	(181,679,764)	(1,997,168,996)
Segment Results before taxes.	438,399,420	-	438,399,420
	(27,245,807)	(25,794,406)	(53,040,213)
Unallocable Corporate Income/(Expenses) (Net)			26,653,189
			37,297,906
Profit before Tax			465,052,609
			(15,742,307)
Tax Expense			156,601,580
			1,595,376
Net Profit after Tax			308,451,029
			(17,337,683)
<b>Other Information:</b>			
Segment Assets	7,764,121,531	-	7,764,121,531
	(4,049,900,171)	-	(4,049,900,171)
Unallocable Corporate Assets			614,376,642
			(996,210,420)
Total Assets			8,378,498,173
			(5,046,110,591)
Segment Liabilities	5,707,274,072	-	5,707,274,072
	(2,681,043,980)	-	(2,681,043,980)
Total Liabilities			5,707,274,072
			(2,681,043,980)
Capital Expenditure	65,695,650	-	65,695,650
	(64,883,454)	-	(64,883,454)
Depreciation	39,915,060	-	39,915,060
	(34,339,460)	(48,000)	(34,387,460)

Figures in brackets represents figures relating to the previous year.

The Company operates in only one geographical segment and hence no further information is provided.

28 Lease transactions:

i. 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:

Due	Rupees		
	Total minimum lease payments outstanding as at the year end	Interest not due	Present value of minimum lease payments as at the year end
Not later than one year	2,229,730	609,133	1,620,597
	(1,722,386)	(643,086)	(1,079,300)
Later than one year and not later than five year	2,113,824	399,267	1,714,557
	(3,371,349)	(853,815)	(2,517,534)
<b>Total</b>	<b>4,343,554</b>	<b>1,008,400</b>	<b>3,335,154</b>
	<b>(5,093,735)</b>	<b>(1,496,901)</b>	<b>(3,596,834)</b>

Figures in brackets are in respect of previous year

ii. Operating Lease

- a. The Company has taken certain premises on non-cancellable operating leases. The tenures of such agreements range from 12 to 36 months. Future Minimum Lease Payments under Non-Cancellable Operating Lease are:

Due	Rupees	
	Rupees	Previous Year Rupees
Not later than one year	45,619,944	43,127,800
Later than one year and not later than five years	203,634,437	-
<b>Total</b>	<b>249,254,381</b>	<b>43,127,800</b>
Debit to Statement of Profit and Loss	43,596,726	43,552,800

- b. The Company has taken certain premises on cancellable operating lease. The tenure of lease ranges from 12 months to 108 months with an option of foreclosure. Lease payments recognized in the Statement of Profit and Loss for the year in respect thereof aggregate to Rs.36,254,451/- (Previous Year Rs. 59,286,594/-).

29 Employee Benefits

Short-term employee benefits:

The Company provides for accumulated compensated absences as at balance sheet date using full cost method to the extent leave will be utilised. The charge for the current year is disclosed under Salaries and Bonus.

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. 24,502,263/- (Previous year Rs. 23,558,159/-).

Defined Benefit Plan:

Gratuity (unfunded):

Provision is made for gratuity based upon actuarial valuation done at the end of every financial year using "Projected Unit Credit" method and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

	Gratuity (unfunded)				
	31st March 2015 Rupees	31st March 2014 Rupees			
I. Reconciliation of liability recognised in the Balance Sheet					
Fair value of plan assets as at the end of the year					
Present value of obligation as at the end of the year	52,278,788	42,321,672			
Net liability in the Balance Sheet	52,278,788	42,321,672			
II. Movement in net liability recognised in the Balance Sheet					
Net liability as at the beginning of the year	42,321,672	42,106,362			
Net expense recognised in the Statement of Profit and Loss	12,711,461	3,072,516			
Benefits paid	(2,844,312)	(2,857,206)			
Liability extinguished on transfer	89,967	-			
Net liability as at the end of the year	52,278,788	42,321,672			
III. Expense recognised in the Profit and Loss Account					
(Under the head "Employee Benefit Expense" Refer Note 21)					
Current Service Cost	4,894,006	5,515,426			
Interest cost	4,163,633	3,761,865			
Actuarial Loss / (Gains)	3,653,822	(6,204,775)			
Expense charged to the Statement of Profit and Loss	12,711,461	3,072,516			
IV. Reconciliation of defined benefit commitments					
Commitments at the beginning of the year	42,321,672	42,106,362			
Current Service Cost	4,894,006	5,515,426			
Interest Cost	4,163,633	3,761,865			
Actuarial Loss / (Gains)	3,653,822	(6,204,775)			
Benefits Paid	(2,844,312)	(2,857,206)			
Liability extinguished on transfer	89,967	-			
Commitments at the year end	52,278,788	42,321,672			
V. Actuarial Assumptions					
Mortality table	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table			
Discount rate (per annum)	8.00%	9.10%			
Rate of escalation in salary (per annum)	7.00%	7.00%			
VI. Experience history					
	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14	31-Mar-15
Defined Benefit Obligation	32,694,707	36,303,078	42,106,362	42,321,672	52,278,788
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(32,694,707)	(36,303,078)	(42,106,362)	(42,321,672)	(52,278,788)
Experience Adj. on Plan Liabilities	(5,290,479)	524,933	(2,105,863)	(1,409,662)	(2,032,797)
Experience Adj. on Plan Assets	-	-	-	-	-

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.

**JM Financial Services Limited**
**Notes to the financial statements for the year ended 31st March, 2015**
**30. Related Party Disclosures**

<b>A) Enterprise where control exists</b>	
i) Ultimate Holding Company	JM Financial Ltd
ii) Holding Company	JM Financial Products Limited
iii) Subsidiary Company/Firm	JM Financial Commtrade Limited Astute Investments ( w.e.f May 19,2014)
<b>B) Related parties where transaction have taken place during the year</b>	
i) Ultimate Holding Company	JM Financial Ltd
ii) Holding Company	JM Financial Products Limited
iii) Subsidiary Company/Firm	JM Financial Commtrade Limited Astute Investments ( w.e.f May 19,2014)
iv) Fellow Subsidiaries	JM Financial Investment Managers Limited JM Financial Asset Management Limited JM Financial Institutional Securities Limited Infinite India Investment Management Limited JM Financial Properties and Holdings Limited "JM Financial Credit Solutions Limited (Formerly known as FICS Consultancy Services Limited)" JM Financial Insurance Broking Pvt. Ltd.
v) Individual exercising significant influence by way of voting power in reporting enterprise and relatives of any such person	Mr. Nimesh N Kampani Relatives : Ms. Aruna Kampani Mr. Vishal Kampani Ms. Amishi Kampani
vi) Key management personnel and relatives of such personnel	Mr. Anil Mavinkurve Relatives : Ms. Archana Mavinkurve Ms. Niyati Mavinkurve Ms. Sachi Mavinkurve
vii) Enterprises over which any person described in Clause B v) above is able to exercise significant influence	JSB Securities Ltd Kampani Consultants Limited SNK Investments Private Limited JM Assets Management Pvt. Ltd JM Financial Trustee Company Private Limited J. M. Financial & Investment Consultancy Services Pvt Ltd Capital Market Publishers India Private Limited

**C Details of transactions**

Name of the related party	Nature of Transaction	Rupees	Previous year Rupees
<b>i) Ultimate Holding Company</b>			
JM Financial Ltd	Demat charges received	900	925
	Reimbursement of employee expenses	15,749,820	20,470,601
	Sales of shares (JM Financial Insurance Broking Pvt. Ltd.)	-	100,000
	Rent paid	2,358,300	2,358,300
	Closing Balance Receivable / (Payable)	2,051	1,040
	Closing Balance - Deposit	10,000,000	10,000,000
<b>ii) Holding Company</b>			
JM Financial Products Limited	ICD Taken	770,000,000	1,415,000,000
	ICD Repaid	770,000,000	1,415,000,000
	Interest on ICD paid	1,003,562	1,380,391
	Secondary Brokerage Received	179,753	-
	Gratuity received on transfer of employees	157,656	-
	Gratuity paid on transfer of employees	43,062	-
	Closing Balance Receivable / (Payable)	139,482	-
<b>iii) Subsidiary Company</b>			
JM Financial Commtrade Limited	Purchase of 6% non cumulative Preference Shares	-	50,000,000
	ICD Given	-	460,347,000
	ICD Recovered	-	664,429,000
	Interest on ICD received	-	14,281,734
	Demat charges received	2,452	515,169
	Staff Loan paid on transfer of employee	15,000	
	Gratuity paid on transfer of employees	24,627	
JM Financial Insurance Broking Pvt. Ltd. (upto March 28, 2014)	Referral fees paid	Not Applicable	35,000
Astute Investments (w.e.f May 19,2014)	Capital Contribution	6,000,000	Not Applicable
	Current account contributions paid	4,193,571,786	Not Applicable
	Receipt on partner's current account	4,199,534,198	Not Applicable
	Interest paid on margin money	1,195,342	Not Applicable
	Interest received on current account contributions	105,350,573	Not Applicable
	Secondary Brokerage Received	572,318	Not Applicable
	Demat charges received	9,332	Not Applicable
	Reimbursement of expenses (received)	1,665,849	Not Applicable
	Share of Profit for the period	14,331,030	Not Applicable
	Closing Balance Receivable / (Payable) - Current	8,368,618	Not Applicable
	Closing Balance Receivable / (Payable) - Trade receivable	54,868	Not Applicable

Name of the related party	Nature of Transaction	Rupees	Previous year Rupees
<b>iv) Fellow Subsidiaries</b>			
Infinite India Investment Management Private Limited	Sale of 6% non cumulative Preference Shares	-	50,000,000
	Purchase of 6% non cumulative Preference Shares	50,000,000	-
JM Financial Asset Management Limited	Demat Charges (received)	1,999	-
	Secondary Brokerage Received	2,068,964	-
	Closing Balance Receivable / (Payable)	(7,479)	-
JM Financial Institutional Securities Limited	Fees Received	-	1,474,541
	ICD Given	-	1,121,000,000
	ICD Recovered	-	1,121,000,000
	Interest on ICD received	-	1,230,806
	Demat Charges (received)	3,350	1,827
	Closing Balance Receivable / (Payable)	-	6,006,055
JM Financial Investment Managers Limited	Purchase of 6% non cumulative Preference Shares	110,000,000	-
	Secondary Brokerage Received	97,380	-
JM Financial Properties and Holdings Ltd.	Rent	42,532,920	42,532,800
	Repairs and maintainance expenses	-	4,382,728
	Reimbursement of expenses (paid)	7,175,507	1,486,938
	Refund received of Security Deposit	6,215,000	-
	Closing Balance - Deposit	59,905,000	66,120,000
JM Financial Insurance Broking Pvt. Ltd.	Referral fees paid	50,000	Not Applicable
JM Financial Credit Solutions Limited (Formerly known as FICS Consultancy Services Limited)	Demat Charges (received)	1,538	-
	Closing Balance Receivable / (Payable)	1,679	-
<b>v) Individual exercising significant influence by way of voting power in reporting enterprise and relatives of any such person</b>			
Others	Secondary Brokerage Received	34,991	10,105
	Demat Charges received	2,151	3,901
	Closing Balance Receivable / (Payable)	105	670
<b>vi) Key management personnel and relatives of such personnel</b>			
Anil Mavinkurve	Remuneration	7,519,341	5,307,567
	Contribution to provident fund	2,54,808	2,54,808
	Secondary Brokerage Received	-	26
	Closing Balance Receivable / (Payable)	(2,000,000)	(300,000)
Others	Secondary Brokerage Received	617	-
	Closing Balance Receivable / (Payable)	783	-
<b>vii) Enterprises over which any person described in Clause B v) above is able to exercise significant influence</b>			
Kampani Consultants Limited	Rent paid	501,600	501,600
	Secondary Brokerage Received	49,000	3,560
Persepolis Investment Company Private Limited	Secondary Brokerage Received	-	37,924

Name of the related party	Nature of Transaction	Rupees	Previous year Rupees
SNK Investments Private Limited	Secondary Brokerage Received	8,500	297,874
J. M. Financial & Investment Consultancy Services Pvt Ltd	Rent paid	-	682,500
	Secondary Brokerage Received	596,069	978,349
	Demat charges received	500	650
	Closing Balance Receivable / (Payable)	-	91,704,441
JSB Securities Ltd	Secondary Brokerage Received	548	-
JM Financial Trustee Company Private Limited	Secondary Brokerage Received	108,482	5,637
JM Assets Management Private Limited	Secondary Brokerage Received	127,500	9,800
Capital Market Publishers India Private Limited	IT - Application expenses	235,833	125,417

30.1 There are no provisions for doubtful debts / advances or amounts written off or written back for debts due from / due to related parties except Rs 6,006,251/- (previous year NIL) written off in respect of dues from JM Financial Institutional Securities Ltd

30.2 The above transactions are excluding services tax.

### 31 Earning per share

		Previous Year
a. Basic and Diluted Earnings Per Share		
Profit attributable to equity shareholders (Rupees)	308,451,029	17,337,683
Weighted average number of shares outstanding during the year	50,000,000	50,000,000
Basic/Diluted earnings per share (Rupees)	6.17	0.35
b. Nominal value per share (Rupees)	10	10

### 32 Employee stock option

During the year, based on the request made by JM Financial Services Limited (formerly known as JM Financial Services Private Ltd.) ('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. 1,356,205 stock options have been granted on April 21, 2011, 1,197,333 have been granted on April 16, 2012, 450,000 have been granted on May 6, 2013 and 861,999 have been granted on April 1, 2014. The option shall be eligible for vesting as per following schedule:

Vesting Date	Options (Nos.)	Status	Exercise Year	Exercise Price (Rupee)
21st April, 2012	452,068	Vested	Seven years from the date of Grant	1
21st April, 2013	452,068	Vested	Seven years from the date of Grant	1
21st April, 2014	452,069	Vested	Seven years from the date of Grant	1
16th April 2013	399,111	Vested	Seven years from the date of Grant	1
16th April 2014	399,111	Vested	Seven years from the date of Grant	1
16th April 2015	399,111	To be vested	Seven years from the date of Grant	1
6th May 2014	150,000	Vested	Seven years from the date of Grant	1
6th May 2015	150,000	To be vested	Seven years from the date of Grant	1
6th May 2016	150,000	To be vested	Seven years from the date of Grant	1
1st April 2015	287,333	To be vested	Seven years from the date of Grant	1
1st April 2016	287,333	To be vested	Seven years from the date of Grant	1
1st April 2017	287,333	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	1,748,777	2,108,195
Granted during the year	861,999	450,000
Lapsed/transferred during the year	5,187	22,624
Exercised during the year	998,064	786,794
Outstanding at the end of the year	1,607,525	1,748,777
Exercisable at the end of the year	50,414	71,131

The charge on account of the above scheme included in employee benefit expense aggregate Rs. 15,749,419/-

(Previous year, Rs.20,470,601/-). 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.

- 33 The Company has spent Rs. 3,900,000/- (previous year Nil) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof.
- 34 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board**

**Nimesh N Kampani**  
**Chairman**  
DIN : 00009071

**Hemant Kotak**  
**Director & Chief Financial Officer**  
DIN : 00412903

**Anil Mavinkurve**  
**Wholetime Director & Company Secretary**  
DIN : 00740703

**Place : Mumbai**  
**Date : May 18, 2015**