



**JM FINANCIAL PROPERTIES AND HOLDINGS
LIMITED**

Audited Financial Statements

FY 2014-15

INDEPENDENT AUDITORS' REPORT

The Members
JM Financial Properties and Holdings Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **JM FINANCIAL PROPERTIES AND HOLDINGS 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 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 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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.
6. 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.
7. 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

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. 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.

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- (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 does not have any pending litigations which would impact its financial position.
 - 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 that were required to be transferred to the Investor Education and Protection Fund by the Company.

For **ARUN ARORA AND CO.**
Chartered Accountants

ARUN ARORA
Proprietor
Membership No. A-12018

April 24th, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 9 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 during the year are such that clauses (ii), (v), (vi), (viii), (ix), (xi), of paragraph 3 of the Order are not applicable to the Company. In respect of other clauses, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative detail and situation of the fixed asset.
b) The fixed asset was physically verified during the year by the Management. According to the information and explanation given to us, no discrepancy was noticed on such verification.
- (ii) The Company has not granted any 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 for purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (iv) According to the information and explanation given to us and the books of account examined by us, in respect of statutory dues:
 - a) The Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues in arrears as at 31st March, 2015 for a period of more than six months from the date of becoming payable.
 - b) There were no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess, as applicable, which have not been deposited on account of any dispute.
 - c) There are presently no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (v) According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (vi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For ARUN ARORA AND CO.

Chartered Accountants

ARUN ARORA

Proprietor

Membership No. A-12018

April 24th, 2015

JM FINANCIAL PROPERTIES AND HOLDINGS LIMITED
BALANCE SHEET AS AT 31ST MARCH 2015

| | | (In Rupees) | |
|------------------------------------|------|-----------------------|-----------------------|
| | Note | As at 31.03.2015 | As at 31.03.2014 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholder's Funds | | | |
| (a) Share capital | 2.1 | 98,05,00,000 | 98,05,00,000 |
| (b) Reserves and surplus | 2.2 | 2,75,49,516 | 1,01,49,735 |
| | | 1,00,80,49,516 | 99,06,49,735 |
| (2) Non-current liabilities | | | |
| (a) Long term provisions | 2.3 | 2,85,901 | - |
| (b) Deferred tax Liabilities (Net) | 2.4 | 1,31,49,416 | 16,73,119 |
| | | 1,34,35,317 | 16,73,119 |
| (3) Current Liabilities | | | |
| (a) Short term borrowings | 2.5 | 95,00,00,000 | 81,00,00,000 |
| (b) Trade Payables | 2.6 | 98,92,600 | 3,63,85,333 |
| (c) Other current liabilities | 2.7 | 29,12,69,313 | 30,16,28,606 |
| (d) Short term provisions | 2.8 | 1,26,519 | - |
| | | 1,25,12,88,432 | 1,14,80,13,939 |
| Total | | 2,27,27,73,265 | 2,14,03,36,793 |
| II. ASSETS | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | 2.9 | | |
| (i) Tangible assets | 2.9A | 2,13,35,11,328 | 30,32,20,681 |
| (ii) Intangible assets | 2.9B | 4,42,674 | 4,91,165 |
| (b) Long term loans and advances | 2.10 | 7,47,20,981 | 5,59,39,665 |
| | | 2,20,86,74,983 | 35,96,51,511 |
| (2) Current assets | | | |
| (a) Cash and cash equivalents | 2.11 | 6,29,45,474 | 8,01,34,353 |
| (b) Short term loans and advances | 2.12 | 11,15,211 | 1,70,04,84,255 |
| (c) Other current assets | 2.13 | 37,597 | 66,674 |
| | | 6,40,98,282 | 1,78,06,85,282 |
| Total | | 2,27,27,73,265 | 2,14,03,36,793 |

Significant accounting policies and notes to financial statements 1 & 2

As per our attached report of even date

For and on behalf of

Arun Arora & Co.

Chartered Accountants

Sd/-

Arun Arora

Proprietor

Membership No.A-12018

Place: Mumbai

Date: April 24, 2015

For and on behalf of the Board of Directors

Sd/-

Madhu Dubhashi

Director

Place: Mumbai

Date: April 24, 2015

Sd/-

P K Choksi

Director and Company
Secretary

Sd/-

Rizwan Naguthane

Manager

Sd/-

Manish Sheth

Director and Chief
Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

(In Rupees)

| | Note | For the year ended 31.03.2015 | For the year ended 31.03.2014 |
|---|------|----------------------------------|----------------------------------|
| I Income: | | | |
| (a) Revenue from Operations | 2.14 | 21,24,65,191 | 20,10,93,600 |
| (b) Other income | 2.15 | 51,48,023 | 1,15,37,090 |
| Total Revenue | | 21,76,13,214 | 21,26,30,690 |
| II Expenses: | | | |
| (a) Employee benefits expense | 2.16 | 37,29,528 | - |
| (b) Finance costs | 2.17 | 9,91,03,565 | 8,90,54,214 |
| (c) Depreciation and amortization expense | 2.9 | 5,68,31,638 | 1,20,05,023 |
| (d) Other expenses | 2.18 | 2,20,72,406 | 6,92,70,408 |
| Total Expenses | | 18,17,37,136 | 17,03,29,645 |
| III Profit / (Loss) before tax | | 3,58,76,078 | 4,23,01,045 |
| IV Less: Tax expense | | | |
| Current tax | | 70,00,000 | 1,05,00,000 |
| Deferred tax | | 1,14,76,297 | 16,73,118 |
| | | 1,84,76,297 | 1,21,73,118 |
| V Profit / (Loss) for the year | | 1,73,99,781 | 3,01,27,927 |
| Earnings per equity share (EPS) | 2.20 | | |
| (face value of ` 10/- each) | | | |
| (Basic EPS (in `)) | | 5.80 | 10.04 |
| (Diluted EPS (in `)) | | 5.80 | 10.04 |

Significant accounting policies and notes to financial statements 1 & 2

As per our attached report of even date

For and on behalf of

Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Arun Arora
Proprietor
Membership No.A-12018

Sd/-
Madhu Dubhashi
Director

Sd/-
P K Choksi
Director and Company
Secretary

Sd/-
Manish Sheth
Director and Chief
Financial Officer

Place: Mumbai
Date: April 24, 2015

Place: Mumbai
Date: April 24, 2015

Sd/-
Rizwan Naguthane
Manager

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2015

(In Rupees)

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Cash flow from operating activities | | |
| A Net Profit (Loss) before tax | 3,58,76,078 | 4,23,01,045 |
| Adjustment for : | | |
| Depreciation | 5,68,31,638 | 1,20,05,023 |
| Dividend income | (28,15,057) | (54,51,004) |
| Interest income | (23,20,466) | (60,83,086) |
| Interest expense | 9,91,03,565 | 8,90,54,214 |
| Operating Profit/(Loss) before Working Capital Changes | 18,66,75,757 | 13,18,26,192 |
| Adjustment for : | | |
| (Increase)/decrease in short-term loans and advances | 1,69,93,69,044 | (1,68,28,87,358) |
| (Increase)/decrease in long-term loans and advances | (900) | 1,70,13,91,000 |
| (Increase)/decrease in other current assets | 29,077 | 2,60,433 |
| Increase/(decrease) in trade payables | (2,64,92,733) | 3,62,70,925 |
| Increase/(decrease) in long term provisions | 2,85,901 | - |
| Increase/(decrease) in short term provisions | 1,26,519 | - |
| Increase/(decrease) in other current liabilities | (1,03,59,293) | (2,45,01,865) |
| Cash generated from/(used in) operations | 1,84,96,33,373 | 16,23,59,327 |
| Direct taxes paid | (2,57,80,416) | (2,47,05,562) |
| Net Cash from/(used in) Operating Activities (A) | 1,82,38,52,957 | 13,76,53,766 |
| B Cash flow from Investing Activities | | |
| Purchase of current investments | (1,43,29,15,057) | (81,68,51,004) |
| Sale of Current Investments | 1,43,29,15,057 | 81,68,51,005 |
| Purchase of fixed assets | (1,88,70,73,794) | (31,57,16,869) |
| Interest income | 23,20,466 | 60,83,086 |
| Dividend Received | 28,15,057 | 54,51,004 |
| Net Cash from/(used in) Investing Activities (B) | (1,88,19,38,271) | (30,41,82,779) |
| C Cash flow from Financing Activities | | |
| Interest expense | (9,91,03,565) | (8,90,54,214) |
| Proceeds from short term borrowings | 14,00,00,000 | (85,00,000) |
| Net Cash (used in)/ from Financing Activities (C) | 4,08,96,435 | (9,75,54,214) |
| Net increase in cash and cash equivalents (A+B+C) | (1,71,88,879) | (26,40,83,227) |
| Cash and cash equivalents at the beginning of the year | 8,01,34,353 | 34,42,17,580 |
| Cash and cash equivalents at the end of the year | 6,29,45,474 | 8,01,34,353 |

Note:

1 Previous year's figures have been regrouped and rearranged wherever necessary

Significant accounting policies and notes to financial statements 1 & 2

As per our attached report of even date

For and on behalf of

Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-

Arun Arora

Proprietor

Membership No.A-12018

Sd/-

Madhu Dubhashi

Director

Sd/-

P K Choksi

Director and Company

Secretary

Sd/-

Manish Sheth

Director and Chief

Financial Officer

Place: Mumbai

Date: April 24, 2015

Place: Mumbai

Date: April 24, 2015

Sd/-

Rizwan Naguthane

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and 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.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues 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.

1.3 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/ collection.

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

Interest income is recognised on accrual basis.

1.4 Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided, 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:

| Assets | Useful Life |
|------------------------|---|
| Furniture and fixtures | 10 years |
| Office equipment | 5 years |
| Computers | 3 years |
| Software | 5 years |
| Leasehold improvements | 10 years or lease period whichever is lower |
| Office premises | 60 years |

Assets costing `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.

1.5 Investments

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

1.6 Employee benefits

Defined contribution plan

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

Defined benefit plan

The Company's liability under the Payment of Gratuity Act, 1972 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 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 expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.7 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.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.8 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 statement of profit and loss.

1.9 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 statement of profit and loss. 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.

1.10 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 NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

| | (In Rupees) | |
|--|-----------------------|-----------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| Authorised | | |
| 2,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each | 25,00,00,000 | 25,00,00,000 |
| 12,50,00,000 (12,50,00,000) Preference Shares of Rs.10/- each | 1,25,00,00,000 | 1,25,00,00,000 |
| | 1,50,00,00,000 | 1,50,00,00,000 |
| Issued, Subscribed and Paid-up | | |
| 30,00,000 (30,00,000) Equity Shares of Rs.10/- each fully paid up | 3,00,00,000 | 3,00,00,000 |
| 9,50,50,000 (9,50,50,000) Preference Shares of Rs. 10/- each fully paid up | 95,05,00,000 | 95,05,00,000 |
| Total | 98,05,00,000 | 98,05,00,000 |

Note a:

Out of Equity and Preference 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:

| | As at 31.03.2015 | | As at 31.03.2014 | |
|--|--------------------------|-----------------|--------------------------|-----------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Equity Shares: | | | | |
| JM Financial Limited (Holding Company) | 30,00,000 | 100% | 30,00,000 | 100% |
| Preference Shares: | | | | |
| JM Financial Limited (Holding Company) | - | - | 95,050,000 | 100% |
| JM Financial Products Limited | 9,50,50,000 | 100% | - | - |

Note b:

Reconciliation of the number of equity shares outstanding

| | As at 31.03.2015 | | As at 31.03.2014 | |
|---|------------------|-------------|------------------|-------------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 30,00,000 | 3,00,00,000 | 30,00,000 | 3,00,00,000 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 30,00,000 | 3,00,00,000 | 30,00,000 | 3,00,00,000 |

Note c:

Reconciliation of the number of preference shares outstanding

| | As at 31.03.2015 | | As at 31.03.2014 | |
|---|------------------|--------------|------------------|--------------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 9,50,50,000 | 95,05,00,000 | 9,50,50,000 | 95,05,00,000 |
| Shares issued during the year | - | - | - | - |
| Shares redeemed during the year | - | - | - | - |
| Shares outstanding at the end of the year | 9,50,50,000 | 95,05,00,000 | 9,50,50,000 | 95,05,00,000 |

Note d:

Aggregate number of shares allotted as fully paid up by way of bonus shares during last 5 years:

| Particulars | |
|--------------------------------------|-----|
| Equity Shares : | |
| Fully paid up by way of bonus shares | Nil |
| Preference Shares : | |
| Fully paid up by way of bonus shares | Nil |

Note e:

Terms and rights attached to each class of shares:

Equity shares :

The Company has only one class of shares referred to as equity shares having a face value of Rs.10/-. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend, as and when declared and approved by the shareholders.

Preference shares :

1) RIGHT TO RANK PRIOR TO EQUITY SHARES:

The holder(s) of the Participating Non Cumulative Redeemable Preference Shares (PRPS) shall have a right to rank prior to the equity shares of the Company liquidation, dissolution and on winding up of the company, subject to the provisions of the Companies Act, 1956 (the Act), as amended from time to time.

2) VOTING RIGHTS:

The holder(s) of the PRPS shall be entitled to vote only on resolutions placed before the Company which directly affect the rights attached to the PRPS in accordance with applicable provisions of the Act.

3) DIVIDEND:

The PRPS shall carry a fixed non-cumulative preference dividend at the rate of 10%, subject to availability of distributable profits and the said dividend, if declared, shall be paid on a pro-rata basis during the year of its issue for the period commencing from the date of its allotment till the end of the financial year during which the said PRPS are allotted. Additionally, the PRPS shall have a right to participate in the profits of the Company by way of a dividend, the equivalent amount of which shall not exceed the yield of 6% p.a. on the issue price and the same shall be paid along with payment of dividend to the equity shareholders.

4) TERM OF PREFERENCE SHARES:

The tenure of PRPS shall be 10 years from the date of allotment provided that the Company shall have a right to redeem PRPS either fully or partly, in tranches, any time within a period of 10 years by giving at least 15 days written notice to the PRPS holder(s).

5) REDEMPTION OF SHARES:

The PRPS may be redeemed at par or at such premium as may be decided by the Board of Directors of the Company.

2.2 RESERVES AND SURPLUS

| | As at 31.03.2015 | (In Rupees) As at 31.03.2014 |
|---|---------------------|------------------------------------|
| Surplus in statement of profit and loss: | | |
| Opening balance | 1,01,49,735 | (1,99,78,192) |
| Add: Profit / (loss) for the year | 1,73,99,781 | 3,01,27,927 |
| Closing balance | 2,75,49,516 | 1,01,49,735 |
| Total | 2,75,49,516 | 1,01,49,735 |

2.3 LONG-TERM PROVISIONS

| | (In Rupees) | |
|--|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| For employee benefits - gratuity [refer note 2.22 A (a)] | 2,85,901 | - |
| Total | 2,85,901 | - |

2.4 DEFERRED TAX LIABILITIES (NET)

| | (In Rupees) | |
|--------------------------------|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| Deferred Tax Liability: | | |
| Depreciation (net) | 1,31,90,842 | 16,73,119 |
| Deferred Tax Assets | | |
| Employee related expenses | 41,426 | - |
| Total | 1,31,49,416 | 16,73,119 |

2.5 SHORT TERM BORROWINGS

| | (In Rupees) | |
|--------------------------------------|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| Inter corporate deposits (unsecured) | 95,00,00,000 | 81,00,00,000 |
| Total | 95,00,00,000 | 81,00,00,000 |

2.6 TRADE PAYABLES

| | (In Rupees) | |
|--|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| Total outstanding dues to micro enterprises and small enterprises | - | - |
| Total outstanding dues to creditors other than micro enterprises and small enterprises | 98,92,600 | 3,63,85,333 |
| Total | 98,92,600 | 3,63,85,333 |

2.7 OTHER CURRENT LIABILITIES

| | (In Rupees) | |
|---------------------------|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| Security deposit | 28,66,29,000 | 30,01,00,000 |
| Statutory Dues | 32,65,313 | 15,28,606 |
| Employee benefits payable | 13,75,000 | - |
| Total | 29,12,69,313 | 30,16,28,606 |

2.8 SHORT-TERM PROVISIONS

| | (In Rupees) | |
|--|---------------------|---------------------|
| | As at 31.03.2015 | As at 31.03.2014 |
| For employee benefits: | | |
| Compensated absences [refer note 2.22 A (b)] | 1,05,937 | - |
| Gratuity [refer note 2.22 A (a)] | 20,582 | - |
| Total | 1,26,519 | - |

2.9 FIXED ASSETS

(In Rupees)

| Description | Gross block (at cost) | | | | Depreciation / Amortisation | | | | Net block | |
|--------------------------------------|-----------------------|------------------------|-------------------------|-----------------------|-----------------------------|------------------------|-------------------------|--------------------|-----------------------|---------------------|
| | As at 31.03.2014 | Additions for the year | Deductions for the year | As at 31.03.2015 | As at 31.03.2014 | Additions for the year | Deductions for the year | As at 31.03.2015 | As at 31.03.2015 | As at 31.03.2014 |
| A) TANGIBLE ASSETS | | | | | | | | | | |
| Owned assets: | | | | | | | | | | |
| Office Premises | - | 1,88,38,78,224 | - | 1,88,38,78,224 | - | 2,04,63,853 | - | 2,04,63,853 | 1,86,34,14,371 | - |
| Furniture, fixtures and Improvements | 27,12,82,996 | 14,60,694 | - | 27,27,43,690 | 90,42,765 | 2,71,68,091 | - | 3,62,10,856 | 23,65,32,834 | 26,22,40,231 |
| Office equipments | 4,32,55,589 | 11,96,219 | - | 4,44,51,807 | 28,83,706 | 87,67,862 | - | 1,16,51,568 | 3,28,00,239 | 4,03,71,883 |
| Computers | 6,52,037 | 4,72,839 | - | 11,24,876 | 43,469 | 3,17,523 | - | 3,60,992 | 7,63,884 | 6,08,568 |
| TOTAL (A) | 31,51,90,621 | 1,88,70,07,976 | - | 2,20,21,98,597 | 1,19,69,940 | 5,67,17,329 | - | 6,86,87,269 | 2,13,35,11,328 | 30,32,20,681 |
| B) INTANGIBLE ASSETS | | | | | | | | | | |
| Software | 5,26,248 | 65,818 | - | 5,92,066 | 35,083 | 1,14,308 | - | 1,49,392 | 4,42,674 | 4,91,165 |
| TOTAL (B) | 5,26,248 | 65,818 | - | 5,92,066 | 35,083 | 1,14,308 | - | 1,49,392 | 4,42,674 | 4,91,165 |
| TOTAL (A+B) | 31,57,16,869 | 1,88,70,73,794 | - | 2,20,27,90,663 | 1,20,05,023 | 5,68,31,638 | - | 6,88,36,661 | 2,13,39,54,002 | 30,37,11,846 |
| Previous year | - | 31,57,16,869 | - | 31,57,16,869 | - | 1,20,05,023 | - | 1,20,05,023 | 30,37,11,846 | - |

2.10 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

| | As at 31.03.2015 | (In Rupees) As at 31.03.2014 |
|------------------------------------|---------------------|------------------------------------|
| Security Deposits | 3,55,09,848 | 3,55,08,948 |
| Income tax paid (net of provision) | 3,92,11,133 | 2,04,30,717 |
| Total | 7,47,20,981 | 5,59,39,665 |

2.11 CASH AND CASH EQUIVALENTS

| | As at 31.03.2015 | (In Rupees) As at 31.03.2014 |
|---|---------------------|------------------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 7,000 | - |
| Balances with bank: | | |
| In current accounts | 29,38,474 | 1,51,34,353 |
| In deposit accounts (less than 3 months maturity) | 6,00,00,000 | 6,50,00,000 |
| Total | 6,29,45,474 | 8,01,34,353 |

2.12 SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

| | As at 31.03.2015 | (In Rupees) As at 31.03.2014 |
|---|---------------------|------------------------------------|
| Advances recoverable in cash or in kind or for value to be received | 7,17,539 | 4,45,573 |
| Security Deposits | - | 170,00,00,000 |
| Prepaid expenses | 3,97,672 | 38,682 |
| Total | 11,15,211 | 170,04,84,255 |

2.13 OTHER CURRENT ASSETS

(Unsecured, considered good)

| | As at 31.03.2015 | (In Rupees) As at 31.03.2014 |
|------------------------------|---------------------|------------------------------------|
| Interest accrued but not due | 10,356 | 66,674 |
| Other receivables | 27,241 | - |
| Total | 37,597 | 66,674 |

2.14 REVENUE FROM OPERATIONS

| | For the year ended 31.03.2015 | (In Rupees) For the year ended 31.03.2014 |
|--------------------------------|-------------------------------------|--|
| Business Service Centre income | 10,63,38,159 | - |
| Lease rent | 10,61,27,032 | 20,10,93,600 |
| Total | 21,24,65,191 | 20,10,93,600 |

2.15 OTHER INCOME

| | For the year ended 31.03.2015 | (In Rupees) For the year ended 31.03.2014 |
|---------------------------------|-------------------------------------|--|
| Dividend on current investments | 28,15,057 | 54,51,004 |
| Interest income | 23,20,466 | 60,83,086 |
| Other Income | 12,500 | 3,000 |
| Total | 51,48,023 | 1,15,37,090 |

2.16 EMPLOYEE BENEFIT EXPENSE

| | For the year ended 31.03.2015 | (In Rupees) For the year ended 31.03.2014 |
|--|-------------------------------------|--|
| Salaries, bonus and allowances | 34,96,695 | - |
| Contribution to provident fund and other funds | 99,276 | - |
| Gratuity | 45,085 | - |
| Staff Welfare | 88,472 | - |
| Total | 37,29,528 | - |

2.17 FINANCE COSTS

| | For the year ended 31.03.2015 | (In Rupees) For the year ended 31.03.2014 |
|-------------------|-------------------------------------|--|
| Interest expenses | 9,91,03,565 | 8,90,54,214 |
| Total | 9,91,03,565 | 8,90,54,214 |

2.18 OPERATING & OTHER EXPENSES

| | For the year ended 31.03.2015 | (In Rupees) For the year ended 31.03.2014 |
|--|-------------------------------------|--|
| Rent expenses | - | 6,26,27,088 |
| Group Support service charges | 90,00,000 | - |
| Rates and taxes | 30,83,624 | 27,49,413 |
| Insurance | 46,162 | 52,090 |
| Auditor's remuneration (refer note 2.19) | 1,77,500 | 1,30,000 |
| Repairs & Maintenance – Others | 16,35,320 | 2,78,517 |
| Legal & Professional fees | 5,61,033 | 4,27,414 |
| Travelling and conveyance expenses | 7,419 | 9,358 |
| Printing & Stationery | 2,01,544 | 61,898 |
| Electricity Expenses | 14,52,565 | 13,20,152 |
| Advertisement expenses | 47,362 | 5,000 |
| Man Power Expenses | 48,90,897 | 6,05,850 |
| Communication Expenses | 3,34,823 | 4,27,429 |
| Donation | - | 50,000 |
| Miscellaneous expenses | 6,34,158 | 5,26,199 |
| Total | 2,20,72,406 | 6,92,70,408 |

2.19 Auditors remuneration *
(Rupees)

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| As auditors | 60,000 | 60,000 |
| Other matters (certification work, limited review, tax audit) | 1,17,500 | 70,000 |
| | 1,77,500 | 1,30,000 |

*Above fees is exclusive of service tax of Rs. 21,939/- (previous year Rs. 16,068/-)

2.20 Earnings per share (EPS)
(Rupees)

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Profit / (loss) after tax | 1,73,99,781 | 3,01,27,927 |
| Weighted average number of equity shares outstanding during the year for calculating basic earnings per shares (Nos.) | 30,00,000 | 30,00,000 |
| Basic earnings per share (in `) | 5.80 | 10.04 |
| Weighted average number of equity shares outstanding during the year for calculating diluted earnings per shares (Nos.) | 30,00,000 | 30,00,000 |
| Diluted earnings per share (in `) | 5.80 | 10.04 |

2.21 Value of imports on CIF basis in respect of
(Rupees)

| | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---------------|--------------------------------------|--------------------------------------|
| Capital Goods | - | 61,31,356 |

2.22 Employee benefits
A Defined benefit plans
a) Gratuity
(Rupees)

| Amount recognised in the balance sheet with respect to gratuity | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Present value of the defined benefit obligation at the year end | 3,06,483 | - |
| Fair value of plan assets | - | - |
| Net liability | 3,06,483 | - |
| Net liability is bifurcated as follows: | | |
| Current | 20,582 | - |
| Non-Current | 2,85,901 | - |

(Rupees)

| Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--------------------------------------|--------------------------------------|
| Current service cost | - | - |
| Interest on defined benefit obligations | - | - |
| Expected return on plan assets | - | - |
| Net actuarial (gain)/loss recognised | 45,085 | - |

| | | |
|--------------------------|---------------|---|
| during the year | | |
| Past service cost | - | - |
| Net gratuity cost | 45,085 | - |

(Rupees)

| Actual return on plan assets | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--------------------------------------|--|--|
| Expected return on plan assets | - | - |
| Actuarial gain/(loss) on plan assets | - | - |

(Rupees)

| Reconciliation of present value of the obligation and the fair value of the plan assets: | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|---|--|--|
| Opening defined benefit obligation | - | - |
| Current service cost | - | - |
| Interest cost | - | - |
| Actuarial (gain)/loss | 45,085 | - |
| Past service cost | - | - |
| Liability assumed on acquisition/(settled on divestiture) (on transfer of employees) | 2,61,398 | - |
| Benefits paid | - | - |
| Closing defined benefit obligation | 3,06,483 | - |

(Rupees)

| Change in fair value of plan assets | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Opening fair value of the plan assets | - | - |
| Expected return on plan assets | - | - |
| Actuarial (gain)/loss | - | - |
| Assets acquired on amalgamation | - | - |
| Contributions by the employer | - | - |
| Benefits paid | - | - |
| Closing fair value of the plan assets | - | - |

(Rupees)

| Investment details of plan assets | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Investment | - | - |

| Principal actuarial assumptions at the balance sheet date | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--|--|
| Discount rate | 8% | - |
| Estimated rate of return on plan assets | - | - |
| Retirement age | 60 years | - |
| Salary escalation | 7.00% per annum | - |

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 the Company's policy, a provision of Rs.1,05,937/- (previous year Rs. Nil) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' Rs.99,276/- (previous year Rs.Nil).

2.23 Segment Reporting

There are no separate reportable segments as per accounting standard 17 and the entire operations of the company relates to one segment.

2.24 Statement of Cash Flow required as per accounting Standards (AS-3), issued by the Institute of Chartered Accountants of India, is attached and forms a part of the financial statement.

2.25 Disclosure in respect of Related Parties pursuant to accounting Standard 18

(A) List of Related Parties:

(a) Holding Company

JM Financial Limited

(b) Fellow Subsidiaries

JM Financial Institutional Securities Limited

JM Financial Investment Managers Limited

JM Financial Products Limited

JM Financial Services Limited

JM Financial Asset Management Limited

JM Financial Commtrade Limited

JM Financial Credit Solutions Limited

Infinite India Investment Management Limited

(c) Individual exercising control or significant influence

Mr. Nimesh Kampani

(d) Enterprises over which person described above in Clause (c) exercise significant influence

JM Financial Trustee Company Private Limited

Related Party Disclosures:
(Rupees)

| Name of the related party | Nature of relationship | Description of the transaction | Amount for the year 2014-15 | Amount for the year 2013-14 |
|---|------------------------|--|-----------------------------|-----------------------------|
| JM Financial Limited | Holding Company | Rent received | 45,26,400 | 90,52,800 |
| | | Business Centre Service charges received | 45,26,400 | - |
| | | Expenses recovered | 18,83,143 | 14,10,169 |
| | | Group Support fees paid | 90,00,000 | - |
| | | ICD received | 75,00,00,000 | - |
| | | Interest paid | 1,79,06,219 | - |
| | | Property Deposit received | 63,38,000 | - |
| | | ICD Payable | 75,00,00,000 | - |
| | | Outstanding Property Deposit | 63,38,000 | - |
| JM Financial Institutional Securities Limited | Fellow Subsidiaries | Rent received | 4,23,27,832 | 7,65,55,200 |
| | | Business Centre Service charges received | 4,23,27,832 | - |
| | | Expenses recovered | 1,82,50,155 | 1,20,87,616 |
| | | Expenses reimbursed | 5,991 | - |
| | | Employee related transfers from | 2,74,745 | - |
| | | ICD received | 10,00,00,000 | - |
| | | Interest paid | 23,69,445 | - |
| | | Security Deposit refunded | 1,77,81,000 | - |
| | | ICD Payable | 10,00,00,000 | - |
| | | Outstanding Property Deposit | 11,24,19,000 | 13,02,00,000 |
| JM Financial Investment Managers Limited | Fellow Subsidiaries | Rent received | 27,28,800 | 48,12,000 |
| | | Business Centre Service charges received | 27,28,800 | - |
| | | Expenses recovered | 12,19,519 | 7,75,766 |
| | | Property Deposit received | 27,93,000 | - |
| | | Outstanding Property Deposit | 76,93,000 | 49,00,000 |
| JM Financial Products Limited | Fellow Subsidiaries | Rent received | 2,31,34,800 | 4,38,55,200 |
| | | Business Centre Service charges received | 1,93,82,000 | - |
| | | Expenses recovered | 77,20,935 | 60,70,251 |
| | | Employee related transfers from | 35,571 | - |
| | | ICD received | 10,00,00,000 | 30,00,000 |
| | | ICD repaid | 10,00,00,000 | 37,15,00,000 |
| | | Interest expenses | 17,05,342 | 53,72,822 |
| | | Security Deposit refunded | 1,28,45,000 | - |

| Name of the related party | Nature of relationship | Description of the transaction | Amount for the year 2014-15 | Amount for the year 2013-14 |
|--|--|--|-----------------------------|-----------------------------|
| | | Outstanding receivable | 27,241 | - |
| | | Outstanding Property Deposit | 5,17,35,000 | 6,45,80,000 |
| JM Financial Services Limited | Fellow Subsidiaries | Rent received | 2,12,66,400 | 4,25,32,800 |
| | | Business Service Centre charges received | 2,12,66,520 | - |
| | | Expenses recovered | 71,75,507 | 58,69,668 |
| | | Security Deposit refunded | 62,15,000 | - |
| | | Outstanding Property Deposit | 5,99,05,000 | 6,61,20,000 |
| JM Financial Asset Management Limited | Fellow Subsidiaries | ICD received | 10,00,00,000 | 36,00,00,000 |
| | | Interest expenses | 7,38,71,728 | 8,36,75,342 |
| | | ICD repaid | 91,00,00,000 | - |
| | | ICD Payable | - | 81,00,00,000 |
| Infinite India Investment Management Limited | Fellow Subsidiaries | Rent received | 23,97,600 | 47,95,200 |
| | | Business Service Centre charges received | 23,97,600 | - |
| | | Expenses recovered | 10,76,032 | 7,73,286 |
| | | Property Deposit received | 10,61,000 | - |
| | | Outstanding Property Deposit | 67,61,000 | 57,00,000 |
| JM Financial Commtrade Limited | Fellow Subsidiaries | ICD placed | - | 11,00,00,000 |
| | | Interest income | - | 15,24,932 |
| | | ICD received back | - | 11,00,00,000 |
| JM Financial Credit Solutions Limited | Fellow Subsidiaries | Business Service Centre charges received | 39,63,807 | - |
| | | Expenses recovered | 7,05,689 | - |
| | | Property Deposit received | 1,43,01,000 | - |
| | | Outstanding Property Deposit | 1,43,01,000 | - |
| JM Financial Trustee Company Private Limited | Enterprises over which person described above in Clause A (c) exercise significant influence | ICD received | 10,00,00,000 | - |
| | | Interest expenses | 32,50,685 | - |
| | | ICD Payable | 10,00,00,000 | - |

2.26 Figures of the previous year have been regrouped / reclassified / rearranged wherever necessary to correspond with those of the current year's classification / disclosure.

As per our attached report of even date

**For and on behalf of
Arun Arora & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Arun Arora

Proprietor
Membership No.A-12018

Madhu Dubhashi
Director

P K Choksi
Director and Company Secretary

Place: Mumbai

Manish Sheth
Director and Chief
Financial Officer

Rizwan Naguthane
Manager

Date: April 24, 2015