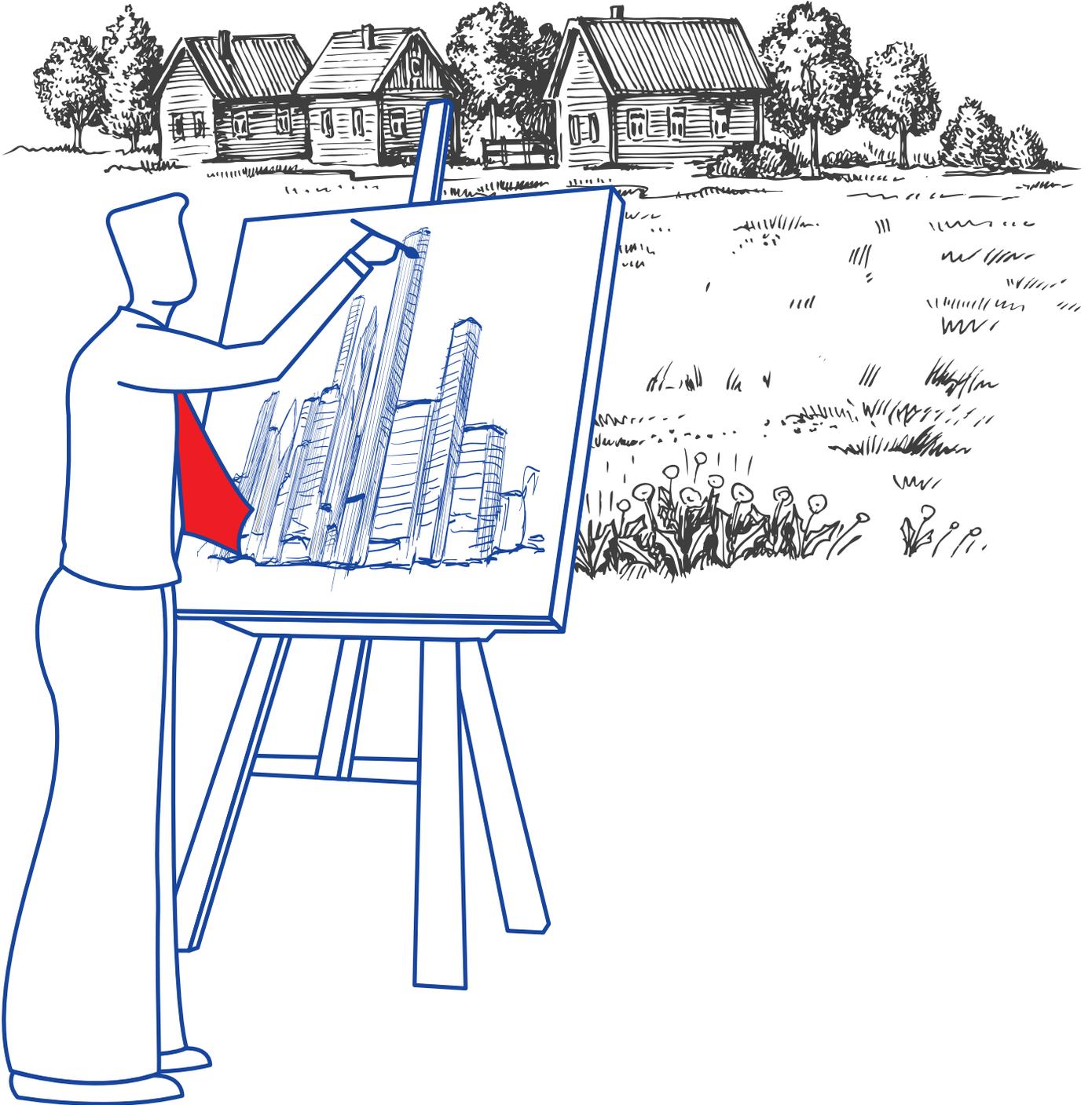


# **Towards Tomorrow**

**Expertise. Experience. Excellence.**



## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

Mr. Rajeev Chirabhanu  
Mr. Subodh Shinkar  
Mr. P K Choksi  
Mr. S R Nayak

### CHIEF FINANCIAL OFFICER

Mr. Vishwanath S

### COMPANY SECRETARY & MANAGER

Ms. Palav Jain

### BANKERS

HDFC Bank Limited  
Tulsiani Chambers  
Nariman Point  
Mumbai – 400 021

### STATUTORY AUDITORS

Khimji Kunverji & Co.  
Sunshine Tower, Level 19  
Senapati Bapat Marg  
Elphinstone Road  
Mumbai - 400 013

### REGISTERED OFFICE

7th Floor, Cnergy,  
Appasaheb Marathe Marg,  
Prabhadevi,  
Mumbai – 400 025

### ***The red tie man,***

*is characterised as a visionary painter who can foresee the progress in the future. Despite the simple dwellings, he paints skyscrapers recognising the opportunities offered in the market just like the Company does. Moreover, the painting signifies the confidence and ability of JM Financial to make the most of the market opportunities with its expertise, experience and excellence. The Company is viewed as a trusted partner and advisor that consistently adds stakeholder value, just like the painting aims to do in sharp contrast to the actual settings.*

# INDEPENDENT AUDITOR'S REPORT

To the Members of JM FINANCIAL COMMTRADE LIMITED

## Report on the Financial Statements

1. We have audited the accompanying financial statements of JM FINANCIAL COMMTRADE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

2. The management and Board of Directors of the Company are 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 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; 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. 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 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 statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of 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.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its Profit/ loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", 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 further 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

## INDEPENDENT AUDITOR'S REPORT

- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. on the basis of written representations received from the Directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
- g. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
  - (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 as at Balance sheet date.
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.
  - (iv) The Company has provided requisite disclosure in its financial statements as to holding as well as dealings in Specified Bank Notes which being NIL during the period from 8th November,2016 to 30th December,2016 and the same are in accordance with the books of accounts and records maintained by the Company.

**For Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No. 105146W

Place: Mumbai  
Date: April 20, 2017

Hasmukh B Dedhia  
Partner (F - 33494)

# INDEPENDENT AUDITOR'S REPORT

## Annexure A referred to in paragraph 7 Our Report of even date to the members of JM FINANCIAL COMMTRADE LIMITED on the Financial Statements of the company for the year ended 31st March 2017

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and based on the records of the Company examined by us, the Company does not have any immovable properties. Hence, clause 3(i.c) of the Order is not applicable to it.
- (ii) The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause 3 (ii) of the Order is not applicable to it.
- (iii) The Company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 189 of the Act. Hence the requirement of clause 3 (iii) of the order is not applicable.
- (v) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has not granted any loans covered under Section 185 and 186.
- (vi) The Company has not accepted any deposits from the public covered under Sections 73 to 76 of the Companies Act, 2013.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, value added tax, Customs Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India ;
- (b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, value added tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes.
- (viii) According to the information and explanations given to us and based on the records of the company examined by us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, Government or dues to debenture holders. Hence, clause 3 (vii) of the Order.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.
- (x) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- (xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 197 read with Schedule V of the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, clause 3(xii) of the Order is not applicable.
- (xiii) As explained to us, the Company has complied with the provisions of section 177; the transactions with related

## INDEPENDENT AUDITOR'S REPORT

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parties entered into by the Company, disclosures whereof are made as per applicable Accounting Standards; do not attract the provisions of Section 188 of the Act.

The Company is in process of composing its audit committee in compliance of provisions of Section 177 of the Act. The transactions with related parties entered into by the Company, disclosures whereof are made as per applicable Accounting Standards; do not attract the provisions of Section 188 of the Act.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the Order is not applicable.

(xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India, Act 1934

**For Khimji Kunverji & Co.**  
Chartered Accountants  
Firm Registration No. 105146W

Place: Mumbai  
Date: April 20, 2017

Hasmukh B Dedhia  
Partner (F - 33494)

# INDEPENDENT AUDITOR'S REPORT

## Annexure B referred to in paragraph 8(f) of Our Report of even date to the members of JM FINANCIAL COMMTRADE LIMITED on the Financial Statements of the company for the year ended 31st March, 2017

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of JM FINANCIAL COMMTRADE LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Khimji Kunverji & Co.**

Chartered Accountants

Firm Registration No 105146W

Hasmukh B Dedhia

Partner (F - 33494)

Place: Mumbai

Date: April 20, 2017

# BALANCE SHEET

as at March 31, 2017

	Note No.	As at March 31, 2017	₹ in Lakh As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	B.1	2,350.00	2,350.00
(b) Reserves and Surplus	B.2	(685.35)	(1,295.46)
		<b>1,664.65</b>	<b>1,054.54</b>
<b>(2) Non-Current Liabilities</b>			
Long term provisions	B.3	10.07	4.03
<b>(3) Current Liabilities</b>			
(a) Trade payables	B.4	1,365.57	1,399.37
(b) Other current liabilities	B.5	26.06	13.80
(c) Short-term provisions	B.6	2.15	1.90
		<b>1,393.78</b>	<b>1,415.07</b>
<b>Total</b>		<b>3,068.50</b>	<b>2,473.64</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Intangible assets	B.7	1.52	2.31
		<b>1.52</b>	<b>2.31</b>
(b) Non-current investments			
(i) Long term investments	B.8	40.00	40.00
(c) Long term loans and advances	B.9	96.90	36.00
		<b>138.42</b>	<b>78.31</b>
<b>(2) Current assets</b>			
(a) Current investments	B.10	638.37	443.58
(b) Trade receivables	B.11	27.99	4.60
(c) Cash and Bank Balance	B.12	1,297.06	998.93
(d) Short-term loans and advances	B.13	944.98	938.61
(e) Other current assets	B.14	21.68	9.61
		<b>2,930.08</b>	<b>2,395.33</b>
<b>Total</b>		<b>3,068.50</b>	<b>2,473.64</b>
Significant Accounting Policies and Notes to Financial Statements	A & B		
The accompanying notes form an integral part of the financial statements			

As per our attached report of even date

**For Khimji Kunverji & Co.**

Chartered Accountants

Firm Registration No. 105146W

**Hasmukh B Dedhia**

Partner

Membership No. 33494

For and on behalf of the Board of Directors

JM Financial Commtrade Ltd.

**Subodh Shinkar**

Director

DIN – 00095541

**Surendra Nayak**

Director

DIN – 00039894

**Palav Jain**

Manager and Company Secretary

**Vishwanath S.**

Chief Financial Officer

Place: Mumbai

Date: April 20, 2017

Place: Mumbai

Date: April 20, 2017

**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2017

	Note No.	₹ in Lakh	
		Current year	Previous year
<b>I. Revenue from operations</b>	B.15	645.78	399.20
<b>II. Other Income</b>	B.16	260.80	176.63
<b>III. Total Revenue (I +II)</b>		<b>906.58</b>	<b>575.83</b>
<b>IV. Expenses:</b>			
Sub Brokerage, Transaction Costs and Other Direct Expenses		52.56	39.91
Employee benefit expense	B.17	62.04	47.48
Finance costs	B.18	31.66	43.15
Depreciation and amortisation expense	B.7	1.75	1.71
Other expenses	B.19	44.46	20.93
<b>Total Expenses</b>		<b>192.47</b>	<b>153.18</b>
<b>V. Profit before tax (III - IV)</b>		<b>714.11</b>	<b>422.65</b>
<b>VI. Tax expense:</b>			
(1) Current tax		104.00	51.99
(2) Tax adjustment of Earlier Year		-	0.42
<b>Total</b>		<b>104.00</b>	<b>52.41</b>
<b>VII. Profit for the period (V -VI)</b>		<b>610.11</b>	<b>370.24</b>
<b>VIII. Earning per equity share:</b>			
(1) Basic (₹)		12.20	7.40
(2) Diluted (₹)		2.60	1.58
Significant Accounting Policies and Notes to Financial Statements	A & B		
The accompanying notes form an integral part of the financial statements			

As per our attached report of even date

**For Khimji Kunverji & Co.**

Chartered Accountants

Firm Registration No. 105146W

**Hasmukh B Dedhia**

Partner

Membership No. 33494

Place: Mumbai

Date: April 20, 2017

For and on behalf of the Board of Directors

JM Financial Commtrade Ltd.

**Subodh Shinkar**

Director

DIN – 00095541

**Palav Jain**

Manager and Company Secretary

Place: Mumbai

Date: April 20, 2017

**Surendra Nayak**

Director

DIN – 00039894

**Vishwanath S.**

Chief Financial Officer

# STATEMENT OF CASH FLOW

for the year ended March 31, 2017

Particulars	₹ In Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from operating activities</b>		
Profit before tax	714.11	422.65
<b>Adjustment for:</b>		
Depreciation	1.75	1.71
(Profit)/loss on sale of investments	(47.21)	(3.30)
Provision for doubtful debts	7.84	0.81
Dividend income	-	(1.13)
Interest income	-	(1.84)
Interest expense	14.07	30.68
<b>Operating profit before working capital changes</b>	<b>690.56</b>	<b>449.58</b>
<b>Adjustment for:</b>		
(Increase)/decrease in trade receivables	(31.22)	3.97
(Increase)/decrease in short-term loans and advances	(6.38)	(786.73)
(Increase)/decrease in long-term loans and advances	(60.90)	-
(Increase)/decrease in other current assets	(12.07)	(3.11)
(Increase)/decrease in other bank balances	(489.00)	148.00
Increase/(decrease) in long term provisions	6.04	1.57
Increase/(decrease) in short term provisions	0.26	(0.02)
Increase/(decrease) in trade payables	(33.80)	625.00
Increase/(decrease) in other current liabilities	12.26	(11.41)
<b>Cash generated from/(used in) operations</b>	<b>75.76</b>	<b>426.85</b>
Direct taxes paid	(104.00)	(24.97)
<b>Net cash from/(used in) operating activities</b>	<b>(28.24)</b>	<b>401.88</b>
<b>B Cash flow from investing activities</b>		
Purchase of non-current investments	(3,232.45)	(5,072.32)
Sale of non-current investments	3,012.29	4,719.00
Contribution to current account of partnership firm (net)	72.58	(31.16)
Interest Income	-	1.84
Dividend Income	-	1.13
<b>Net cash from/(used in) investment activities</b>	<b>(148.56)</b>	<b>(381.52)</b>
<b>C Cash flow from financing activities</b>		
Interest paid	(14.07)	(30.68)
<b>Net cash from/(used in) financing activities</b>	<b>(14.07)</b>	<b>(30.68)</b>
<b>Net increase/(decrease) in Cash and cash equivalents</b>	<b>(190.87)</b>	<b>(10.31)</b>
Cash & cash equivalents (opening)	686.93	697.24
Cash & cash equivalents (closing)	496.06	686.93

As per our attached report of even date

**For Khimji Kunverji & Co.**

Chartered Accountants

Firm Registration No. 105146W

For and on behalf of the Board of Directors

JM Financial Commtrade Ltd.

**Hasmukh B Dedhia**

Partner

Membership No. 33494

**Subodh Shinkar**

Director

DIN - 00095541

**Surendra Nayak**

Director

DIN - 00039894

**Palav Jain**

Manager and Company Secretary

**Vishwanath S.**

Chief Financial Officer

Place: Mumbai

Date: April 20, 2017

Place: Mumbai

Date: April 20, 2017

# SIGNIFICANT ACCOUNTING POLICIES

and to Financial Statements

## A. Significant Accounting Policies

### 1 Accounting Convention

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.

### 2 Use of estimates

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

### 3 Revenue Recognition

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

Revenue from Broking income is recognised on contract date.

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

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

### 4 Fixed Assets and Depreciation

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

### Depreciation

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.

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 ₹ 5,000/- or less are depreciated at 100%.

### 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
Computer Software	5 years

### 5 Investments

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

### 6 Arbitrage business

The Company enters into transactions in the commodity arbitrage.

# SIGNIFICANT ACCOUNTING POLICIES

and to Financial Statements

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 in MCX and NCDEX, encompassing purchase of commodities in the cash market and selling the same in the futures market. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for arbitrage business'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the Profit and Loss account and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

## 7 Retirement and other employee benefits

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

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

Short term compensated absences are provided for based on estimates.

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

## 8 Taxation

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

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

## 9 Provisions, Contingent Liabilities & Contingent Assets

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

# NOTES

to the Financial Statements

	₹ in lakh	
	As at March 31, 2017	As at March 31, 2016
<b>1. Share capital</b>		
<b>Authorised:</b>		
6,000,000 (Previous year 6,000,000) Equity Shares of ₹ 10/- each	600.00	600.00
19,000,000 (Previous year 19,000,000) Redeemable Preference Shares of ₹ 10/- each	1,900.00	1,900.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paidup:</b>		
5,000,000 (Previous year 5,000,000) Equity Shares of ₹ 10/- each fully paid-up	500.00	500.00
2,500,000 (Previous year 2,500,000) 9% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid-up	250.00	250.00
16,000,000 (Previous year 16,000,000) 6% Optionally convertible Non Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid-up	1,600.00	1,600.00
<b>Total</b>	<b>2,350.00</b>	<b>2,350.00</b>

**Notes :**

- 5,000,000 Equity Shares, 25,00,000 9% Optionally Convertible Cumulative Redeemable Preference Shares are held by JM Financial Services Limited & its nominees.
  - 16,000,000 6% Optionally Convertible Non Cumulative Redeemable Preference Shares are held by JM Financial Services Limited.
- The Company has an option to convert all or a part of the 9% Optionally Convertible Cumulative Redeemable Preference Shares outstanding into fully paid up Equity Shares of the Company at any time after three months from the date of allotment of the Preference Shares by giving to the Preference Shareholders a three days notice in writing.
- The holder(s) of the 6% Optionally Convertible Non Cumulative Redeemable Preference Shares shall have an option to convert all or a part of the Preference Shares outstanding, into fully paid Equity Shares of the Company at any time after the completion of three months from the date of allotment of the Preference Shares by giving to the Company a five days' notice in writing.
- The Preference Shareholders have an option to redeem the 9% Optionally Convertible Cumulative Redeemable Preference Shares at any time after three months from the date of allotment of the Preference Shares by giving to the Company three days notice in writing.
- The Company shall have a right to redeem 6% Optionally Convertible Non-Cumulative Redeemable Preference Shares either fully or partly, in tranches, any time within a period of 10 years by giving at least 15 days written notice to the Preference shares holder(s).
- Each holder of equity shares is entitled to one vote per share.

**7. Reconciliation for share outstanding**

Particulars	Equity Shares			
	As at March 31, 2017		As at March 31, 2016	
	Number	Rupees in Lakh	Number	Rupees in Lakh
Shares outstanding at the beginning of the year	5,000,000	500.00	5,000,000	500.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	5,000,000	500.00	5,000,000	500.00
	<b>9% Optionally convertible Cumulative Redeemable Preference Shares</b>			
Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Rupees in Lakh	Number	Rupees in Lakh
Shares outstanding at the beginning of the year	2,500,000	250.00	2,500,000	250.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,500,000	250.00	2,500,000	250.00
	<b>6% Optionally Convertible Non-Cumulative Redeemable Preference Shares</b>			
Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Rupees in Lakh	Number	Rupees in Lakh
Shares outstanding at the beginning of the year	16,000,000	1,600.00	16,000,000	1,600.00
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	16,000,000	1,600.00	16,000,000	1,600.00

# NOTES

to the Financial Statements

	₹ in lakh	
	As at March 31, 2017	As at March 31, 2016
<b>2. Reserves and surplus</b>		
Surplus / (Deficit)		
Opening Balance	(1,295.46)	(1,665.70)
Add: Net profit after tax transferred from Statement of Profit and Loss	610.11	370.24
<b>Total</b>	<b>(685.35)</b>	<b>(1,295.46)</b>
<b>3. Long term provisions</b>		
Provision for Gratuity	4.63	3.38
Provision for Tax (net of advance tax)	5.44	0.65
<b>Total</b>	<b>10.07</b>	<b>4.03</b>
<b>4. Trade payables</b>		
Sundry Creditors (Refer note no. 22)	7,728.92	7,762.72
Less: On account of clients (Receivable from National Spot Exchange Limited)	(6,363.35)	(6,363.35)
<b>Total</b>	<b>1,365.57</b>	<b>1,399.37</b>
<b>5. Other current liabilities</b>		
Employees benefits payable	14.75	9.25
Statutory dues payable	4.70	3.10
Provision for expenses / interest payable	6.61	1.45
<b>Total</b>	<b>26.06</b>	<b>13.80</b>
<b>6. Short-term provisions</b>		
Compensated absences	1.88	1.66
Provision for Gratuity	0.27	0.24
<b>Total</b>	<b>2.15</b>	<b>1.90</b>

	₹ in lakh										
<b>7. Fixed Assets</b>	GROSS BLOCK(AT COST)				DEPRECIATION				NET BLOCK		
Particulars	As At 1-Apr-16	Additions	Deductions	As At March 31, 2017	As At 1-Apr-16	For the Year	Deductions	As At March 31, 2017	As At March 31, 2017	As At March 31, 2016	
<b>Tangible Assets</b>											
<b>Owned</b>											
Office Equipment	1.31	-	-	1.31	1.31	-	-	1.31	-	-	
Computer Equipment	12.84	-	7.01	5.83	12.84	-	7.01	5.83	-	-	
<b>Total (A)</b>	<b>14.15</b>	<b>-</b>	<b>7.01</b>	<b>7.14</b>	<b>14.15</b>	<b>-</b>	<b>7.01</b>	<b>7.14</b>	<b>-</b>	<b>-</b>	
<b>Intangible Assets</b>											
Computer Software	33.99	0.97	1.52	33.44	31.68	1.75	1.52	31.92	1.52	2.31	
<b>Total (B)</b>	<b>33.99</b>	<b>0.97</b>	<b>1.52</b>	<b>33.44</b>	<b>31.68</b>	<b>1.75</b>	<b>1.52</b>	<b>31.92</b>	<b>1.52</b>	<b>2.31</b>	
<b>TOTAL (A+B)</b>	<b>48.14</b>	<b>0.97</b>	<b>8.52</b>	<b>40.58</b>	<b>45.83</b>	<b>1.75</b>	<b>8.52</b>	<b>39.06</b>	<b>1.52</b>	<b>2.31</b>	
Previous Year	48.14	-	-	48.14	44.12	1.71	-	45.83	2.31		

## NOTES

to the Financial Statements

	₹ in lakh	
	As at 31-Mar-17	As at 31-Mar-16
<b>8. Long term Investments</b>		
Capital Contribution in Astute Investments, a Partnership Firm (see note below)	40.00	40.00
<b>Total</b>	<b>40.00</b>	<b>40.00</b>
<b>Note:</b>		
Investment in Partnership Firm, Astute Investments (formed on 19th May, 2014)		
<b>JM Financial Commtrade Ltd. (Partner):</b>		
Capital contribution	40.00	40.00
Current account contribution (refer note 10)	14.37	86.95
Percentage share of Profit/Loss	40%	40%
<b>JM Financial Services Ltd. (Partner):</b>		
Capital contribution	60.00	60.00
Current account contribution	21.56	130.42
Percentage share of Profit/Loss	60%	60%
<b>9. Long term loans and advances</b>		
Unsecured, considered good		
Deposits with Exchanges (see note below)	90.50	28.00
Deposits	6.40	8.00
<b>Total</b>	<b>96.90</b>	<b>36.00</b>
<b>Note:</b>		
Deposits with Exchanges (Refundable)		
- National Commodity & Derivatives Exchange Limited ('NCDEX')	15.00	15.00
- Multi Commodity Exchange of India Limited ('MCX')	2.50	2.50
- National Spot Exchange Limited ('NSEL')	10.00	10.00
Deposits with Exchanges - Base capital (Refundable)		
- Base Capital NCDEX	10.00	-
- Security Deposit MCX	50.00	-
- Base Minimum Capital NCDEX	2.50	-
- Additional Base Capital NSEL	0.50	0.50
	<b>90.50</b>	<b>28.00</b>
<b>10. Current investments</b>		
<b>Unquoted Units</b>		
- JM Financial Mutual Fund (JM High Liquidity Fund (Direct) - Growth Option) (Current Year 1,402,221.983 units @ ₹ 44.5008 each) (Previous Year 712,833.05 units @ ₹ 39.9428 each and 176,955.28 units @ ₹ 40.6317 each)	624.00	356.63
Contributions to partnership firm where a company is a partner on current Account	14.37	86.95
<b>Total</b>	<b>638.37</b>	<b>443.58</b>

# NOTES

to the Financial Statements

	₹ in lakh	
	As at March 31, 2017	As at March 31, 2016
<b>11. Trade receivables</b>		
Outstanding for a period exceeding six months		
Secured, considered good	3.17	2.23
Unsecured, considered doubtful		
-On account of clients	16.75	8.91
	19.92	11.14
Less: Provision for doubtful debts	16.75	8.91
	3.17	2.23
Others		
Secured, considered good	5.51	2.37
Unsecured, considered good	19.31	-
	24.82	2.37
<b>Total</b>	<b>27.99</b>	<b>4.60</b>
<b>12. Cash &amp; Bank balances</b>		
Cash and cash equivalents		
Cash on hand	-	-
Bank Balances		
In Current Account	414.06	436.93
Other Bank Balances		
In Deposit Accounts (less than 3 months)	82.00	250.00
	496.06	686.93
Other Bank Balances		
In Deposit Accounts (more than 3 months) (refer Note below)	801.00	312.00
<b>Total</b>	<b>1,297.06</b>	<b>998.93</b>
<b>Note:</b>		
(Fixed Deposits aggregating ₹ 68,400,000 (Previous year ₹ 48,400,000) are lodged with banks towards guarantees/overdrafts given by the banks.)		
(Fixed Deposits aggregating ₹ 19,900,000 (Previous year ₹ 7,800,000) are lodged with Stock Exchanges towards base/additional base capital.)		
<b>13. Short-term loans and advances</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	18.71	18.34
Less: Provision for doubtful advances	2.77	2.77
	15.94	15.57
Deposits with Commodity Exchanges - Additional Base Capital (see note below)	929.04	923.04
<b>Total</b>	<b>944.98</b>	<b>938.61</b>
<b>Note:</b>		
Deposits with Exchanges - Additional base capital (Refundable)		
- Additional Base Capital NCDEX	810.54	175.54
- Additional Base Capital MCX	118.50	747.50
	929.04	923.04
<b>14. Other current assets</b>		
Accrued Interest on Fixed Deposits	21.68	9.61
<b>Total</b>	<b>21.68</b>	<b>9.61</b>

## NOTES

to the Financial Statements

	₹ in lakh	
	As at March 31, 2017	As at March 31, 2016
<b>15. Revenue from operations</b>		
<b>Rendering of financial services</b>		
Brokerage & Service charges on allied activities	572.72	214.77
<b>Other operating revenue</b>		
Interest on Fixed Deposits with Bank (placed as margin)	65.88	52.29
Recoveries from clients/franchisees etc	2.98	3.66
Interest on delayed payments received from clients	3.04	1.27
Income from trading	1.16	127.21
<b>Total</b>	<b>645.78</b>	<b>399.20</b>
<b>16. Other income</b>		
<b>Interest income</b>		
Interest on Income Tax Refund	-	1.84
<b>Dividend income</b>		
Dividend on Mutual Fund	-	1.13
<b>Other non operating income</b>		
Miscellaneous Income	0.02	3.00
Profit on sale of investments	47.21	3.30
Share of profit from partnership firm where the Company is a Partner	213.57	167.36
<b>Total</b>	<b>260.80</b>	<b>176.63</b>
<b>17. Employee benefit expense</b>		
Salaries, Bonus, Allowances & Other benefits	58.01	45.05
Contribution to Provident and other Funds	2.67	2.17
Gratuity	1.28	0.26
Staff Welfare	0.08	-
<b>Total</b>	<b>62.04</b>	<b>47.48</b>
<b>18. Financial costs</b>		
Interest on Inter Corporate Deposit	7.69	24.60
Interest on Bank OD	1.02	0.50
Interest - Others	0.63	-
Interest on Margins from Clients	16.95	12.47
Bank Guarantee Charges	5.37	5.58
<b>Total</b>	<b>31.66</b>	<b>43.15</b>
<b>19. Other expenses</b>		
Rates and Taxes	0.74	0.71
Repairs and Maintenance		
- Others	0.69	0.96
Information technology cost	0.83	0.86
Insurance	3.39	3.19
Legal, Professional and Consultancy charges	6.90	3.03
Auditors Remuneration		
- as auditor	0.35	0.35
Communication Expenses	8.74	7.40
Membership and Subscription	2.72	3.64
Printing & Stationery Expenses	1.53	1.94
Provision for doubtful debts	7.84	0.81
Manpower Expenses	10.36	-
Miscellaneous Expenses	4.18	1.61
	<b>48.27</b>	<b>24.50</b>
Less: Recovery of expenses	(3.81)	(3.57)
<b>Total</b>	<b>44.46</b>	<b>20.93</b>

# NOTES

to the Financial Statements

20. Some of the credit balances are subject to confirmation and consequential adjustment, if any.
21. The Company has issued counter guarantee to the bank in respect of guarantees issued by bank to MCX & NCDEX for ₹ 710 Lakh (Previous year ₹ 710 Lakh)
22. Under the head "Trade Payables"(Note. B. 4 ) no separate disclosure is made for outstanding amount(s) due to Micro, Small and Medium Enterprises (SME) as defined under Micro, Small and Medium Enterprises Development Act, 2006, as the Company has not received any communication from its vendors.
23. There are no Contingent Liabilities & commitments outstanding as at March 31, 2017 (previous year Nil).
24. The Company is mainly engaged in commodity broking and provision of other allied services which has been considered as the only business segment. The Company operates only in one geographical segment.
25. Related Parties Disclosures  
Names of related parties and description of relationship:
- |                                     |   |
|-------------------------------------|---|
| <b>Ultimate Holding Company</b>     | JM Financial Limited                                    |
| <b>Holding Company</b>              | JM Financial Services Limited                           |
| <b>Fellow Subsidiaries</b>          | JM Financial Products Ltd.<br>JM Financial Capital Ltd. |
| <b>Associates or Joint Ventures</b> | M/s. Astute Investments                                 |

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

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

Particulars	Current year ₹ in Lakh	Previous year ₹ in Lakh
<b>Ultimate Holding Company</b>		
<b>JM Financial Ltd.</b>		
Inter Corporate Deposit Taken	-	2,500.00
Inter Corporate Deposit Repaid	-	(2,500.00)
Interest Expenses	-	17.92
<b>Holding Company</b>		
<b>JM Financial Services Ltd.</b>		
Brokerage paid	-	1.49
Staff Loan paid on transfer of employee	-	0.15
Gratuity received on transfer of employees	-	1.90
Expenses Incurred by (Payable)	0.07	0.05
<b>Fellow Subsidiary</b>		
<b>JM Financial Products Ltd.</b>		
Inter Corporate Deposit Taken	1,000.00	1,000.00
Inter Corporate Deposit Repaid	(1,000.00)	(1,000.00)
Interest Expenses	3.07	6.69
<b>JM Financial Capital Ltd.</b>		
Inter Corporate Deposit Taken	1,000.00	-
Inter Corporate Deposit Repaid	(1,000.00)	-
Interest Expenses	4.62	-
<b>Associates or Joint Ventures</b>		
<b>M/s. Astute Investments</b>		
Share of Profit for the period	213.56	167.37
Receipt on partner's current account	286.14	136.21
Expenses incurred for (Received)	3.81	3.56

## NOTES

to the Financial Statements

Particulars	As at March 31, 2017 (₹ in Lakh)	As at March 31, 2016 (₹ in Lakh)
Balance		
M/s. Astute Investments (Receivable)	14.37	86.95
JM Financial Services Ltd. (Payable)	-	0.05

**26. Disclosure under AS-15 (Revised) "Retirement Benefits"****a) Defined Contribution Plans**

Amount recognised as an expense and included in the Note B. 17 - 'Contribution to Provident Fund' ₹ 2.67 lakh (Previous year ₹ 2.17 lakh).

**b) Defined Benefit Plans**

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

Table showing Change in Benefit Obligations:

Particulars	2016-17	2015-16
Defined Benefit Obligations (DBO) at the beginning of the period	3.61	2.60
Interest Cost	0.31	0.25
Service Cost	0.45	0.59
Benefits paid	-	(1.14)
Actuarial (gain) loss on obligations	0.52	(0.58)
Liability extinguished on transfer	-	1.90
Closing PBO at the end of the period	4.90	3.61
Fair Value of Plan Assets	Nil	Nil
Liability recognised in Balance Sheet	4.90	3.61

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

Retirement age 60 Years

Rate of Discounting: 7.95% per annum (Previous year 8.00% per annum)

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

Mortality Table: Indian Assured Lives Mortality (2006-08)

**c) Compensated absences**

As per Company's policy, provision of ₹ 1.88 lakh (Previous year ₹ 1.66 lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

**27. Earning Per Share:**

	Current year	Previous year
Profit/(Loss) attributable to equity shareholders	610.11	370.23
Weighted average number of equity shares outstanding during the year	5,000,000	5,000,000
Basic Earnings per share (₹)	12.20	7.40
Weighted average number of dilutive potential equity shares outstanding during the year	23,500,000	23,500,000
Diluted Earnings per share (₹)	2.60	1.58
Nominal Value per Share (₹)	10.00	10.00

# NOTES

to the Financial Statements

28. Deferred Tax assets arising due to timing differences on account of brought forward loss/unabsorbed depreciation has not been recognised as a measure of prudence.
29. Disclosures as per notification, dated March 30, 2017, issued by Ministry of Corporate Affairs are as follows -

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

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

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

**Subodh Shinkar**

Director  
DIN - 00095541

**Surendra Nayak**

Director  
DIN - 00039894

**Palav Jain**

Manager and Company Secretary

**Vishwanath S.**

Chief Financial Officer

Place: Mumbai

Date: April 20, 2017





7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India