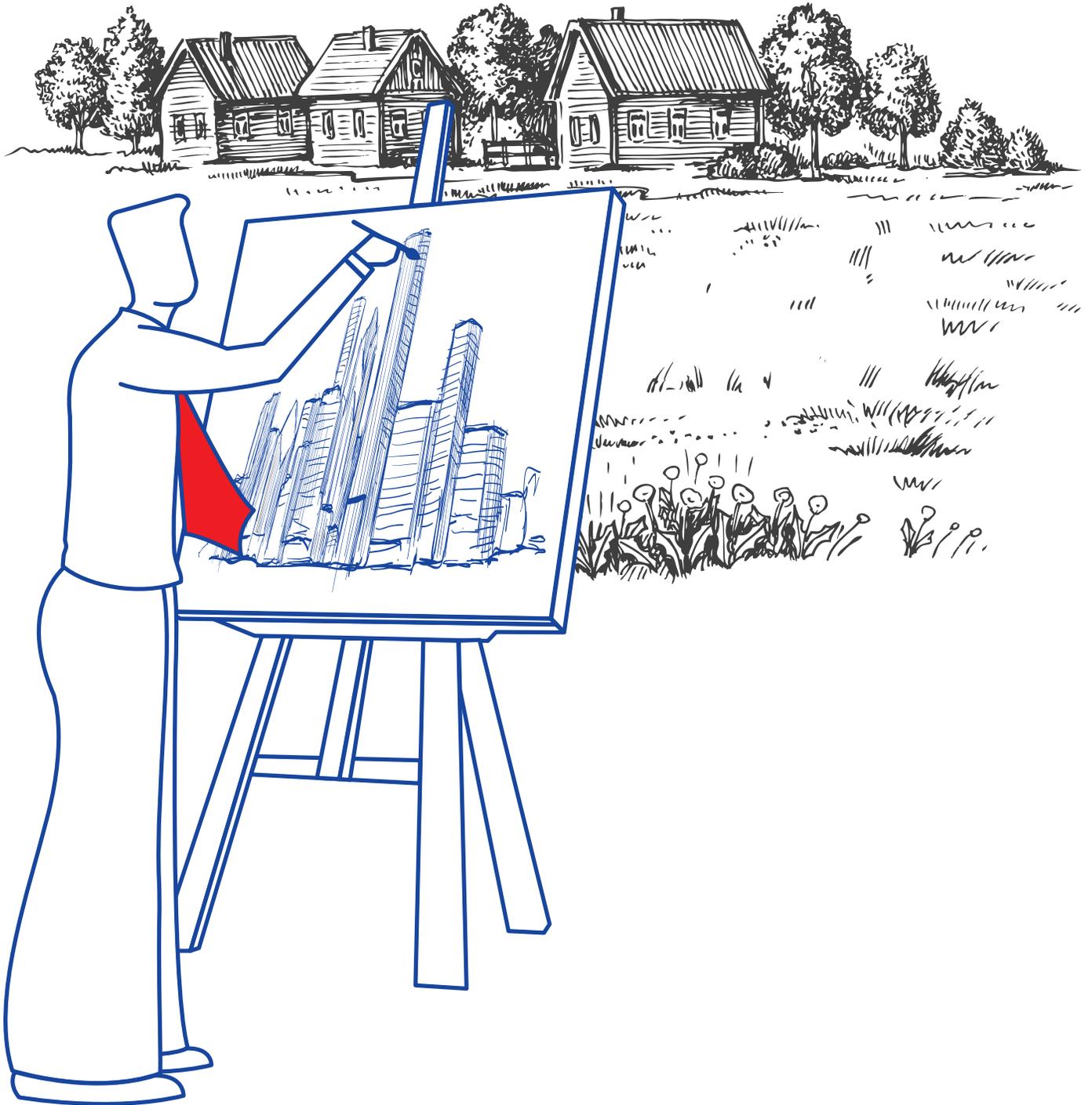


# **Towards Tomorrow**

**Expertise. Experience. Excellence.**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. V P Shetty  
*Non-Executive Chairman*

Mr. E A Kshirsagar  
*Independent Director*

Mr. M R Umarji  
*Non-Executive Director*

Mr. Dharendra Singh  
*Independent Director*

Ms. Roshini Bakshi  
*Independent Director*

Mr. Vishal Kampani  
*Managing Director*

### REGISTERED OFFICE

7th Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi, Mumbai 400 025  
Tel No.: +91 22 6630 3030  
Fax No.: + 91 22 6630 3223  
Website: www.jmfl.com

### CORPORATE IDENTITY NUMBER

U74140MH1984PLC033397

### CHIEF FINANCIAL OFFICER

Mr. Hemant Kotak

### COMPANY SECRETARY

Ms. Reena Sharda

### STATUTORY AUDITORS

Deloitte Haskins & Sells LLP  
Indiabulls Finance Centre  
Tower 3, 27th – 32nd Floor  
Senapati Bapat Marg  
Elphinstone Road (west)  
Mumbai 400 013  
Tel No.: +91 22 6185 4000  
Fax No.: + 91 22 6185 4501  
Website: www2.deloitte.com/in/en

### REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tel No.: 040-67162222  
Fax No.: 040-23001153  
Toll Free No.: 1800-345-4001  
Email ID: einward.ris@karvy.com  
Website: www.karvycomputershare.com

### DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor  
17, R. Kamani Marg, Ballard Estate  
Mumbai 400 001  
Tel No.: +91 22 4080 7000  
Fax No.: + 91 22 6631 1776  
Website: www.idbitrustee.com

### BANKERS

HDFC Bank Limited  
IDBI Bank Limited  
State Bank of India  
ICICI Bank

### **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 PRODUCTS LIMITED

### Report on the Standalone Financial Statements

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

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting 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 of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements 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 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

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

### Report on Other Legal and Regulatory Requirements

1. 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.

## INDEPENDENT AUDITOR'S REPORT

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (refer note 24 of the standalone financial statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. (Refer note 37 to the standalone financial statements)
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Abhijit A. Damle**  
Partner

Mumbai, dated 27th April, 2017

(Membership No. 102912)

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

### **(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting 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 PRODUCTS LIMITED ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 Companies Act, 2013.

### **Auditor's 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 was established and maintained and if 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 judgement, including the assessment of the risks of material misstatement of 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**

A company's internal financial control over financial reporting is a process designed 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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. Also, 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 because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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### Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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 31st March, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

Mumbai, dated 27th April, 2017

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)**

In our opinion and according to the information and explanations given to us, the nature of the Company’s business/ activities/ results for the year are such that clauses (ii) and (vi), of the Order are not applicable. In respect of the other clauses, we report as under:

**1. In respect of fixed assets:**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All the fixed assets were physically verified during the year by the Management. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.
2. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no amount overdue for more than 90 days at the balance sheet date.
3. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act,

2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

4. According to the information and explanations given to us, the Company has not accepted any deposit during the year.
5. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. There were no undisputed amounts payables in respect of the aforesaid dues in arrears as at 31st March, 2017 for a period of more than six months from the date of becoming payable.
  - (b) There are no cases of non-deposits with the appropriate authorities of disputed dues of Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as applicable.

Details of dues of Income Tax which have not been deposited as on 31st March, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates (Financial Year)	Amount Unpaid (₹)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14	47,542,520

6. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken loans or borrowings from government and financial institutions.
7. In our opinion and according to the information and explanations given to us, money raised through issue of debt instruments and through terms loans has been utilised during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer.

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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8. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
9. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
10. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
11. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
12. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
14. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

Mumbai, dated 27th April, 2017

**STANDALONE BALANCE SHEET**

as at 31st March 2017

	Note No.	Amount	Amount	(₹ in Crore) As at 31.03.2016 Amount
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholder's Funds</b>				
Share Capital	2	544.50		544.50
Reserves and Surplus	3	798.29		661.03
			1,342.79	1,205.53
<b>Non-Current Liabilities</b>				
Long-term borrowings	4	1,150.12		461.63
Long term provisions	5	27.13		27.03
			1,177.25	488.66
<b>Current Liabilities</b>				
Short-term borrowings	6	2,919.16		2,352.05
Trade payables:	7			
- Dues to micro and small enterprises		-		-
- Others		13.59		4.66
Other current liabilities	8	496.79		184.56
Short-term provisions	9	7.49		73.99
			3,437.03	2,615.26
<b>TOTAL</b>			<b>5,957.07</b>	<b>4,309.45</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets	10			
Tangible assets		4.05		2.75
Intangible assets		0.91		1.09
Non-current investments	11	430.27		98.08
Deferred tax assets (net)	12	12.43		13.83
Long-term loans and advances	13	2,327.00		1,152.03
			2,774.66	1,267.78
<b>Current assets</b>				
Current investments	14	5.71		7.02
Stock-in-trade	15	9.86		256.89
Cash and bank balances	16	251.77		699.63
Short-term loans and advances	17	2,914.93		2,039.21
Other current assets	18	0.14		38.92
			3,182.41	3,041.67
<b>TOTAL</b>			<b>5,957.07</b>	<b>4,309.45</b>
Notes to the standalone financial statements	1 to 40			

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

Place : Mumbai  
Date : April 27, 2017

For and on behalf of the Board of Directors

**Vishal Kampani**  
Managing Director  
DIN - 00009079

**Hemant Kotak**  
Chief Financial Officer

**V P Shetty**  
Chairman  
DIN - 00021773

**Reena Sharda**  
Company Secretary

# STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2017

	Note No.	Amount	(₹ in Crore) Previous Year Amount
Revenue from operations	19	680.13	527.84
Other Income	20	26.27	31.64
<b>TOTAL REVENUE</b>		<b>706.40</b>	<b>559.48</b>
<b>EXPENSES</b>			
Employee benefits expense	21	23.37	15.63
Finance costs	22	344.11	274.96
Depreciation / amortization expense	10	2.13	1.55
Operating and other expenses	23	33.46	20.46
<b>TOTAL EXPENSES</b>		<b>403.07</b>	<b>312.60</b>
<b>PROFIT BEFORE TAX</b>		<b>303.33</b>	<b>246.88</b>
<b>TAX EXPENSE:</b>			
Current tax		104.70	78.30
Deferred tax		1.40	0.89
Short provision for income tax in respect of earlier years		-	0.26
Total		106.10	79.45
<b>PROFIT AFTER TAX</b>		<b>197.23</b>	<b>167.43</b>
<b>Earning Per Equity Share</b>			
(Face value of Rs. 10/- each)			
Basic and Diluted (in Rupees)	29	3.62	3.08
Notes to the standalone financial statements	1 to 40		

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

**Abhijit A. Damle**  
 Partner

Place : Mumbai  
 Date : April 27, 2017

For and on behalf of the Board of Directors

**Vishal Kampani**  
 Managing Director  
 DIN - 00009079

**Hemant Kotak**  
 Chief Financial Officer

**V P Shetty**  
 Chairman  
 DIN - 00021773

**Reena Sharda**  
 Company Secretary

# STANDALONE STATEMENT OF CASH FLOW

for the year ended 31st March, 2017

		(₹ in Crore)	
			Previous Year
<b>A</b>	<b>Net Profit before tax</b>	303.33	246.88
	<b>Adjustment for :</b>		
	Depreciation/ Amortisation	2.13	1.55
	Loss on fixed assets sold/ discarded (net)	0.25	-
	Profit on Sale of Fixed Assets (net)	-	(0.03)
	Loan funds written off	0.55	-
	Interest expenses - Others	0.23	0.47
	Provision for doubtful loans written back (net)	(4.47)	(0.30)
	Interest Income on fixed deposits with Banks and others	(3.78)	(7.22)
	Provision for bonus - written back	(1.26)	(0.23)
	Dividend on current investments	-	(20.97)
	Dividend on long term investments	(0.07)	(0.06)
	Loss on sale of long term investments	0.41	-
	Profit on sale of current investments	(16.65)	(2.78)
	<b>Operating Profit before Working Capital Changes</b>	<b>280.67</b>	<b>217.31</b>
	<b>Changes in working capital</b>		
	<b>Adjustment for (increase)/ decrease in operating assets:</b>		
	Loans and advances and other current assets	(2,013.62)	363.75
	Stock-in-trade	247.04	102.11
	Operating fixed deposits with banks	-	40.00
	Accrued interest income related to operating activities	0.08	3.20
	<b>Adjustment for increase/ (decrease) in operating liabilities:</b>		
	Trade payables, other liabilities and provisions	18.53	1.59
	Accrued interest expenses related to operating activities	20.39	(9.67)
	<b>Cash (used in) /generated from operations</b>	<b>(1,446.91)</b>	<b>718.29</b>
	Direct taxes paid (net)	(105.73)	(78.92)
	<b>Net Cash (used in) /generated from Operating Activities (A)</b>	<b>(1,552.64)</b>	<b>639.37</b>
<b>B</b>	<b>Cash flow from Investing Activities</b>		
	Purchase of fixed assets	(3.95)	(2.68)
	Sale of fixed assets	-	0.43
	Investment in a subsidiary	(12.00)	-
	Purchase of long term investments	(546.22)	-
	Sale of long term investments	226.94	-
	Sale of investment in a subsidiary	-	95.00
	Sale /Purchase of current investments (net)	16.65	(3.81)
	(Increase) in other bank balances	-	277.00
	Interest received	3.99	7.47
	Dividend received	0.07	21.03
	<b>Net Cash (used in) /generated from Investing Activities (B)</b>	<b>(314.52)</b>	<b>394.44</b>

# STANDALONE STATEMENT OF CASH FLOW

for the year ended 31st March, 2017

		(₹ in Crore)	
			Previous Year
<b>C</b>	<b>Cash flow from Financing Activities</b>		
	Proceeds from long term borrowings (net)	972.35	201.54
	Proceeds from /(Repayments) short term borrowings (net)	567.12	(535.15)
	Interest paid	(0.23)	(0.47)
	Dividend paid (Including Corporate Dividend Tax)	(119.94)	(65.53)
	<b>Net Cash flow from / (used in) Financing Activities (C)</b>	<b>1,419.30</b>	<b>(399.61)</b>
	Net (decrease) /increase in cash and cash equivalents (A+B+C)	(447.86)	634.20
	Cash and cash equivalents at the beginning of the year	639.63	5.43
	Cash and cash equivalents at the end of the year	<b>191.77</b>	<b>639.63</b>
Notes,			
(1)	<b>Reconciliation of cash and cash equivalents:</b>		
	As per Balance Sheet (Refer note 16)	251.77	699.63
	Less: Balances with banks in deposit	60.00	60.00
	<b>As per Cash-flow statement</b>	<b>191.77</b>	<b>639.63</b>
(2)	Balances with banks in deposit includes Rs.60.00 crore (Previous year Rs.60.00 crore) placed as securities against overdraft facilities availed from the banks.		

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Abhijit A. Damle**  
 Partner

**Vishal Kampani**  
 Managing Director  
 DIN - 00009079

**V P Shetty**  
 Chairman  
 DIN - 00021773

Place : Mumbai  
 Date : April 27, 2017

**Hemant Kotak**  
 Chief Financial Officer

**Reena Sharda**  
 Company Secretary

# NOTES

to the Standalone Financial Statements

## 1 Significant Accounting Policies

### Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder. 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.

### Use of Estimates

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

### Fixed Assets

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

### Depreciation

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

### Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Softwares are amortized over a period of five years on a straight line basis.

### Impairment loss

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

### Investments

Current investments are carried at lower of cost (Scrip wise) and fair value. Long term investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.

### Stock in Trade

Stock in trade is carried at lower of cost and fair value. Cost is determined on First in First Out basis.

### Foreign Currency Transactions

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

### Revenue Recognition

Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realization. In other cases, income is recognised when there is no significant uncertainty as to determination or realization exists.

### Provision for Non Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of four months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the Master Direction - "Non-Banking Financial Company- Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction- Non-Banking Financial Company- Systemically

# NOTES

to the Standalone Financial Statements

Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016"

## Employee Retirement Benefits

### (a) Post Employment Benefits and Other Long Term Benefits:

#### Defined Contribution Plan:

The Company contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statute/ Rules.

#### Defined Benefit Plans:

In respect of gratuity, provision is made based upon the actuarial valuation done at the end of every financial year using "Projected unit Credit Method". Major drivers in actuarial assumption, typically, are years of services and employees compensation. Gains and losses on changes in actuarial assumption are charged to the statement of profit and loss.

### (b) Short term employee benefits:

Short term employee benefits are recognized as expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered.

## Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of costs of such assets. A qualifying asset is one that

necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

## Taxes on income

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of existence of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that deferred tax assets can be realised against future taxable profits.

## Provisions and contingencies

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

## NOTES

to the Standalone Financial Statements

## 2 SHARE CAPITAL

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Authorised</b>		
1,100,000,000 Equity Shares of Rs.10/- each	1,100.00	1,100.00
100,000,000 Preference Shares of Rs.10/- each	100.00	100.00
<b>TOTAL</b>	<b>1,200.00</b>	<b>1,200.00</b>
<b>Issued, Subscribed and Paid-up</b>		
544,500,000 equity shares of Rs.10/- each fully paid up	544.50	544.50
<b>TOTAL</b>	<b>544.50</b>	<b>544.50</b>

2.1 The Company has issued only one class of shares i.e. equity. The equity shareholders are entitled to dividend as and when dividend is declared and approved by the shareholders.

2.2 Details of Shareholding in excess of 5%:

Names of the Shareholders	Number of shares & % of holding	
JM Financial Limited and its nominees (5 shares held by nominees)	490,050,000	490,050,000
	90.00%	90.00%
JM Financial Institutional Securities Limited	50,461,850	-
	9.27%	-

## 3 RESERVES AND SURPLUS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Securities Premium Reserve</b>		
As per last balance sheet	38.23	38.23
<b>Statutory Reserve</b>		
(under section 45-IC of The Reserve Bank of India Act, 1934)		
As per last balance sheet	193.29	159.29
Add : Transfer from the Statement of Profit and Loss	40.00	34.00
	<b>233.29</b>	<b>193.29</b>
<b>Capital Redemption Reserve</b>		
As per last balance sheet *	0.00	0.00
*Rs. 1,000/- (Previous Year Rs. 1,000/-)		
<b>Balance in the Statement of Profit and Loss</b>		
As per last balance sheet	429.51	356.05
Profit for the year	197.23	167.43
Proposed dividend	-	(49.83)
Interim dividend	(49.83)	-
Corporate dividend tax	(10.14)	(10.14)
Transferred to statutory reserve	(40.00)	(34.00)
	<b>526.77</b>	<b>429.51</b>
	<b>798.29</b>	<b>661.03</b>

# NOTES

to the Standalone Financial Statements

## 4 LONG TERM BORROWINGS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Secured</b>		
Term Loan from a Bank (Refer note 4.1)	400.00	200.00
Less: Current maturities of Term loans from Banks	(20.00)	-
	380.00	200.00
Non-Convertible Debentures (Refer note 4.2 and 4.3)	1,012.30	256.30
Less: Current maturities of Non-Convertible Debentures	(242.50)	(155.40)
Less: Unamortised discount on non convertible debentures	(0.07)	-
	769.73	100.90
Finance lease obligations (Refer note 4.4 and 28)	0.73	1.23
Less: Current maturities of Finance Lease Obligations	(0.34)	(0.50)
	0.39	0.73
<b>Unsecured</b>		
Non-Convertible Debentures (Refer note 4.3)	177.00	-
Less: Current maturities of Non-Convertible Debentures	(177.00)	-
	-	-
<b>Other loans and advances</b>		
Inter Corporate Deposit (Refer note 4.5)	-	160.00
Less: Current maturities of Inter Corporate Deposit	-	-
	-	160.00
	1,150.12	461.63

### 4.1 Term Loan from a Bank :

- Term Loan is secured by way of floating first pari passu charge by way of hypothecation on certain identified loan fund balances of the Company.
- Maturity profile and rate of interest of Term Loan:

Maturity profile	Rate of interest	Current Year	Previous Year
2018-19	8.75%	180.00	180.00
2019-20	8.40%	77.77	-
2020-21	8.40%	122.23	-
		380.00	180.00

- Non-Convertible Debentures are secured by way of first charge on freehold land and hypothecation on certain identified loan fund balances of the Company.

# NOTES

to the Standalone Financial Statements

### 4.3 Maturity profile and rate of interest/ discounted rate of interest of Non-Convertible Debentures (NCDs) face value of Rs. 1,000,000/- each:

Particulars	Non-Current		Current	
	Current Year	Previous Year	Current Year	Previous Year
0.00% NCD redeemable in year 2016-17 *	-	-	-	49.90
0.00% NCD redeemable in year 2017-18 *	-	40.00	100.00	-
0.00% NCD redeemable in year 2018-19 *	278.00	3.00	-	-
0.00% NCD redeemable in year 2019-20 *	64.70	7.90	-	-
0.00% NCD redeemable in year 2020-21 *	77.10	-	-	-
11.38% NCD redeemable in year 2016-17	-	-	-	100.00
9.55% NCD redeemable in year 2017-18	-	50.00	50.00	-
8.75% NCD redeemable in year 2017-18***	-	-	177.00	-
8.40% NCD redeemable in year 2018-19	75.00	-	-	-
8.81% NCD redeemable in year 2018-19	100.00	-	-	-
8.88% NCD redeemable in year 2018-19	15.00	-	-	-
8.89% NCD redeemable in year 2018-19	95.00	-	-	-
NCD redeemable in year 2016-17**	-	-	-	5.50
NCD redeemable in year 2017-18**	-	-	92.50	-
NCD redeemable in year 2018-19**	60.00	-	-	-
NCD redeemable in year 2019-20**	5.00	-	-	-
<b>Total</b>	<b>769.80</b>	<b>100.90</b>	<b>419.50</b>	<b>155.40</b>

\* Redeemable at premium

\*\* Market linked debentures (MLD)

\*\*\* Unsecured

### 4.4 Finance lease obligations are secured by way of hypothecation of vehicles.

### 4.5 Maturity profile and rate of interest of Inter Corporate Deposits:

Maturity profile	Rate of interest	Current Year	Previous Year
2017-18	10.50%	-	160.00

## 5 LONG TERM PROVISIONS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
For Standard Assets (Refer note 35)	26.27	26.27
<b>For employee benefits:</b>		
Gratuity (Refer note 26)	0.86	0.76
<b>TOTAL</b>	<b>27.13</b>	<b>27.03</b>

## 6 SHORT TERM BORROWINGS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Secured</b>		
Short Term Loan from a Bank (Refer note 6.1)	-	100.00
Loans repayable on demand		
From banks		
Cash credit facilities (Refer note 6.1)	-	40.25
Other loans and advances		
CBLO borrowings (Refer note 6.2)	-	243.00
Less: Unamortised interest on CBLO	-	(0.14)
	-	242.86
<b>Unsecured</b>		
Other loans and advances		
Commercial paper (Refer note 6.3 and 6.4)	2,993.70	1,957.50
Less: Unamortised interest on commercial paper	(99.54)	(63.56)
	2,894.16	1,893.94
Inter Corporate Deposits	25.00	75.00
<b>TOTAL</b>	<b>2,919.16</b>	<b>2,352.05</b>

# NOTES

to the Standalone Financial Statements

- 6.1** Short term loan and Cash credit facilities from banks are secured by way of hypothecation on certain identified loan fund balances of the Company.  
**6.2** Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).  
**6.3** The maximum amount of commercial paper outstanding at any time during the year was Rs.6,141.70 crore (Previous year Rs.6,166.50 crore).  
**6.4** Interest rate of commercial paper issued during the year ranges from 6.40% to 12.00% p.a.

- 7** There are no dues payable to Micro and Small Enterprises, based on the information available with the Company, and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not applicable.

## 8 OTHER CURRENT LIABILITIES

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Current maturities of long term borrowings:</b>		
- Term Loan from Bank (Refer note 4)	20.00	-
- Non-Convertible Debentures (Refer note 4)	419.50	155.40
Less: Unamortised discount on non convertible debentures	(0.08)	-
	419.42	155.40
- Finance Lease Obligations (Refer note 4 and 28)	0.34	0.50
Interest accrued but not due on borrowings	30.71	10.32
Income received in advance	6.19	1.71
Employee benefits payable	18.10	15.08
Statutory dues	0.88	1.34
Directors' commission payable	1.15	0.21
<b>TOTAL</b>	<b>496.79</b>	<b>184.56</b>

## 9 SHORT TERM PROVISIONS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
For Proposed dividend	-	49.83
For Corporate dividend tax	-	10.14
For Taxation (net of advance tax)	2.62	4.95
For doubtful loans	4.14	8.61
<b>For employee benefits:</b>		
-Compensated absences	0.56	0.39
-Gratuity (Refer note 26)	0.17	0.07
<b>TOTAL</b>	<b>7.49</b>	<b>73.99</b>

# NOTES

to the Standalone Financial Statements

## 10 FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION		NET BLOCK		
	As at 01.04.2016	Additions	Deductions / Adjustments	As at 31.03.2017	Up to 31.03.2016	For the year	Deductions / Adjustments	Up to 31.03.2017	As at 31.03.2017
<b>TANGIBLE ASSETS</b>									
<b>Own Assets</b>									
Freehold Land (Refer note 10.1)	0.21	-	-	0.21	-	-	-	-	0.21
Furniture and Fixtures	0.43	0.22	0.13	0.52	0.13	0.08	0.04	0.17	0.35
Computers	0.58	0.17	-	0.75	0.32	0.14	-	0.46	0.29
Office Equipment	0.16	0.19	0.01	0.34	0.08	0.07	0.01	0.14	0.20
Vehicles	-	1.60	-	1.60	-	0.07	-	0.07	1.53
Leasehold Improvements	1.81	1.09	0.46	2.44	1.07	0.86	0.30	1.63	0.81
<b>Leased Assets</b>									
Vehicles (Refer note 10.2)	1.55	-	-	1.55	0.40	0.49	-	0.89	0.66
<b>TOTAL</b>	<b>4.74</b>	<b>3.27</b>	<b>0.60</b>	<b>7.41</b>	<b>2.00</b>	<b>1.71</b>	<b>0.35</b>	<b>3.36</b>	<b>4.05</b>
<b>INTANGIBLE ASSETS</b>									
Software	3.11	0.24	-	3.35	2.02	0.42	-	2.44	0.91
<b>TOTAL</b>	<b>3.11</b>	<b>0.24</b>	<b>-</b>	<b>3.35</b>	<b>2.02</b>	<b>0.42</b>	<b>-</b>	<b>2.44</b>	<b>0.91</b>

## Previous Year

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION		NET BLOCK		
	As at 01.04.2015	Additions	Deductions / Adjustments	As at 31.03.2016	Up to 31.03.2015	For the year	Deductions / Adjustments	Up to 31.03.2016	As at 31.03.2016
<b>TANGIBLE ASSETS</b>									
<b>Own Assets</b>									
Freehold Land (Refer note 10.1)	0.21	-	-	0.21	-	-	-	-	0.21
Furniture and Fixtures	0.42	0.01	-	0.43	0.09	0.04	-	0.13	0.30
Computers	0.47	0.15	0.03	0.59	0.23	0.11	0.02	0.32	0.27
Office Equipment	0.14	0.02	-	0.16	0.05	0.03	-	0.08	0.08
Vehicles	-	-	-	-	-	-	-	-	-
Leasehold Improvements	1.81	-	-	1.81	0.63	0.44	-	1.07	0.74
<b>Leased Assets</b>									
Vehicles (Refer note 10.2)	1.34	1.55	1.34	1.55	0.87	0.48	0.95	0.40	1.15
<b>TOTAL</b>	<b>4.39</b>	<b>1.73</b>	<b>1.37</b>	<b>4.75</b>	<b>1.87</b>	<b>1.10</b>	<b>0.97</b>	<b>2.00</b>	<b>2.75</b>
<b>INTANGIBLE ASSETS</b>									
Software	2.89	0.22	-	3.11	1.57	0.45	-	2.02	1.09
<b>TOTAL</b>	<b>2.89</b>	<b>0.22</b>	<b>-</b>	<b>3.11</b>	<b>1.57</b>	<b>0.45</b>	<b>-</b>	<b>2.02</b>	<b>1.09</b>

10.1 - Mortgaged as security against secured non-Convertible Debentures. (Refer note 4.2)

10.2 - Vendors have a lien over assets taken on lease.

# NOTES

to the Standalone Financial Statements

## 11 NON-CURRENT INVESTMENTS

			(Rupees in Crore)	
	Nos.	Amount	As at 31.03.2016	
			Nos.	Amount
<b>(Non Trade, fully paid up)</b>				
a) Equity Shares				
<b>In Subsidiary (unquoted)</b>				
JM Financial Home Loans Ltd of Rs. 10/- each	12,000,000	12.00	-	-
<b>In Others (quoted)</b>				
HCL Technologies Ltd of Rs. 2/- each	-	-	30,000	3.03
<b>In Others (unquoted)</b>				
Fairassets Technologies India Private Limited of Rs. 10/- each *	2	0.00	-	-
*Rs 11,542/- (Previous Year Rs. Nil)				
b) Preference Shares				
<b>In Others (unquoted)</b>				
10% Participating non-cumulative redeemable preference shares of JM Financial Properties & Holdings Limited of Rs. 10/- each	95,050,000	95.05	95,050,000	95.05
c) Debentures				
<b>In Others (unquoted)</b>				
<b>Compulsory Convertible Debentures</b>				
Fairassets Technologies India Private Limited - Series A of Rs. 5,771.13 each	12,508	7.22	-	-
<b>Non Convertible Debentures</b>				
Valdel Real Estate Private Limited of Rs. 10,000,000/- each	90	90.00	-	-
Wellnest India Projects Private Limited of Rs. 10,000,000/- each	25	25.00	-	-
Goel Ganga Developers India Private Limited of Rs. 10,000,000/- each	55	55.00	-	-
Goel Ganga Realty Private Limited of Rs. 10,000,000/- each	40	40.00	-	-
Spenta Enclave Private Limited -Series 1 of Rs. 10,000,000/- each	56	56.00	-	-
Spenta Enclave Private Limited -Series 2 of Rs. 10,000,000/- each	50	50.00	-	-
<b>TOTAL</b>		<b>430.27</b>		<b>98.08</b>
<b>11.1 Aggregate cost of:</b>				
Quoted Investments		-		3.03
Unquoted Investments		430.27		95.05
<b>TOTAL</b>		<b>430.27</b>		<b>98.08</b>
<b>11.2 Market Value of quoted Investments</b>				
		-		2.44

## 12 DEFERRED TAX ASSETS (NET)

			(Rupees in Crore)	
	Amount	As at 31.03.2016		
		Amount	Amount	
Difference between books and tax written down value of fixed assets	0.69		0.40	
Provision for standard assets	9.09		9.09	
Provision for doubtful loans	1.43		2.98	
Disallowances under section 43B of the Income Tax Act, 1961	1.22		1.36	
	12.43		13.83	

# NOTES

to the Standalone Financial Statements

## 13 LONG TERM LOANS AND ADVANCES

**(Unsecured unless otherwise stated and considered good)**

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Loan funds:</b>		
Secured	2,298.40	1,127.54
Unsecured	2.84	-
	2,301.24	1,127.54
Advance tax (net of provision for tax)	16.07	17.37
Security deposits	8.39	6.26
Capital advances	1.29	0.84
Staff loans	0.01	0.02
<b>TOTAL</b>	<b>2,327.00</b>	<b>1,152.03</b>

## 14 CURRENT INVESTMENTS

**(Unquoted)**

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Security Receipts of Rs. 1,000/- each, Fully paid-Up</b>		
200,000 (Previous Year 200,000) Class A Security Receipts (Face value partly redeemed)	5.71	7.02
<b>TOTAL</b>	<b>5.71</b>	<b>7.02</b>
<b>14.1 Aggregate cost of:</b>		
Unquoted investments	5.71	7.02
<b>TOTAL</b>	<b>5.71</b>	<b>7.02</b>

## 15 STOCK-IN-TRADE

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
Debt instruments	9.86	256.89
<b>TOTAL</b>	<b>9.86</b>	<b>256.89</b>

**15.1** Debt instruments includes interest accrued of Rs.0.18 crore (Previous year Rs.3.00 crore)**15.2** Debt instruments of bodies corporate lying in stock-in-trade at the year end are as follows:

Quoted

Nil (Previous year 980) 18% Marvel Omega Builders Private Limited 2015 - NCD

**15.3** Aggregate book value of quoted stock in trade is Rs. Nil/- (Previous year Rs.253.89 crore) and market value thereof is Rs.Nil/- (Previous year Rs.254.27 crore).**15.4** Aggregate provision for mark to market loss in value of stock in trade is Rs. Nil/- (Previous year Rs.1.96 crore).

# NOTES

to the Standalone Financial Statements

## 16 CASH AND BANK BALANCES

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
<b>Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	14.02	24.43
- in deposit accounts	177.75	615.20
	191.77	639.63
<b>Other bank balances</b>		
In deposit accounts under lien against which overdraft facilities are availed (Refer note 16.1)	60.00	60.00
<b>TOTAL</b>	<b>251.77</b>	<b>699.63</b>

**16.1** Deposit accounts under lien of Rs. 60.00 crore (Previous year Rs. 60.00 crore) against which overdraft facilities remained outstanding as at the year end of Rs. Nil (Previous year of Rs.Nil)

## 17 SHORT TERM LOANS AND ADVANCES

(Unsecured unless otherwise stated)

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
Loan funds:		
Secured	2,281.36	1,661.97
Unsecured	600.22	353.40
	2,881.58	2,015.37
Accrued Interest on loan funds	30.93	16.68
Others*	2.42	7.16
<b>TOTAL</b>	<b>2,914.93</b>	<b>2,039.21</b>

\* includes prepaid expenses, service tax input credit receivable etc.

## 18 OTHER CURRENT ASSETS

	(Rupees in Crore)	
	Amount	As at 31.03.2016 Amount
Accrued interest on deposits with banks	0.14	0.43
Redemption proceeds receivable from Mutual Fund	-	38.49
<b>TOTAL</b>	<b>0.14</b>	<b>38.92</b>

## NOTES

to the Standalone Financial Statements

## 19 REVENUE FROM OPERATIONS

	(Rupees in Crore)	
	Rupees	Previous Year Rupees
Income from funding activities	603.03	463.90
Income from trading in debt instruments (net)	36.70	31.68
Interest / premium on debentures	7.59	-
Advisory and other fees	32.81	32.26
<b>TOTAL</b>	<b>680.13</b>	<b>527.84</b>

## 20 OTHER INCOME

	(Rupees in Crore)	
	Rupees	Previous Year Rupees
<b>Interest on:</b>		
- Fixed deposits with banks	2.62	6.62
- Others	1.16	0.60
	3.78	7.22
<b>Dividend on investments</b>		
- Current	-	20.97
- Long Term	0.07	0.06
	0.07	21.03
<b>Profit on sale of investments:</b>		
- Current (net)	16.65	2.78
Provision for bonus written back	1.26	0.23
Provision for doubtful loans written back (net)	4.47	0.30
Miscellaneous Income	0.04	0.05
Profit on Sale of Fixed Assets (net)	-	0.03
<b>TOTAL</b>	<b>26.27</b>	<b>31.64</b>

## 21 EMPLOYEE BENEFITS EXPENSE

	(Rupees in Crore)	
	Rupees	Previous Year Rupees
Salaries, bonus, other allowances and benefits (net of recoveries of Rs. 7.94 crore, Previous year Rs. 6.60 crore)	22.25	14.91
Contribution to provident and other funds (Refer note 26)	0.77	0.46
Gratuity (Refer note 26)	0.24	0.19
Staff welfare expenses	0.11	0.07
<b>TOTAL</b>	<b>23.37</b>	<b>15.63</b>

## 22 FINANCE COSTS

	(Rupees in Crore)	
	Rupees	Previous Year Rupees
Interest on fixed loans	343.13	272.12
Interest on bank overdraft	0.75	2.37
Interest on others	0.23	0.47
<b>TOTAL</b>	<b>344.11</b>	<b>274.96</b>

# NOTES

to the Standalone Financial Statements

## 23 OPERATING AND OTHER EXPENSES

	(Rupees in Crore)	
	Rupees	Previous Year Rupees
Professional and consultancy charges	4.73	2.37
Space and other related costs (Refer note 28) (net of recoveries of Rs. 0.03 crore, Previous year Rs. 0.06 crore)	7.47	5.38
Rates and taxes	8.34	3.30
Membership and subscription	0.55	0.54
Manpower cost	0.67	0.47
Auditors' remuneration (Refer note 25)	0.14	0.23
Electricity	0.40	0.35
Communication expenses	0.09	0.09
Travelling and conveyance	0.47	0.37
Insurance	0.24	0.19
Printing and stationery	0.05	0.05
Repairs and maintenance - others	0.27	0.49
Loss on fixed assets sold / discarded (net)	0.25	-
Loss on sale of long term investment	0.41	-
Loan funds written off	0.55	-
Donations	5.70	5.28
Directors' commission	1.15	0.21
Sitting fees to directors	0.15	0.13
Miscellaneous expenses	1.83	1.01
<b>TOTAL</b>	<b>33.46</b>	<b>20.46</b>

## 24 Contingent Liabilities and commitments

	Rupees in Crore	Previous year Rupees in Crore
<b>(a) Contingent Liabilities not provided for in respect of:</b>		
Estimated liability on account of disallowance u/s 14A of Income Tax Act 1961, for AY 2010-11 for which appeal is pending before Income Tax Appellate Tribunal (ITAT). The Company is hopeful in succeeding in the aforesaid matters.	0.30	0.30
<b>(b) Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	4.20	0.62

## 25 Payment to Auditors': (Excluding service tax)

	Rupees in Crore	Previous year Rupees in Crore
Audit Fees	0.08	0.17
In any other manner (Certifications, limited reviews, etc.)	0.06	0.06
Out of pocket expenses *	0.00	0.00
* Rs.30,953/- (Previous Year Rs. 30,145/-)	TOTAL	0.23

## 26 Employee Benefits:

### Short-term employee benefits:

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

## NOTES

to the Standalone Financial Statements

**Defined Contribution Plan:**

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. While both the employees and the Company make predetermined contributions to the provident fund, contribution to the family pension fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate Rs. 0.74 crore (Previous year Rs.0.46 crore).

**Defined Benefit Plan: [Gratuity (Unfunded)]**

	Rupees in Crore	Previous year Rupees in Crore
<b>I. Reconciliation of liability recognised in the Balance Sheet</b>		
Fair value of plan assets as at the end of the year	-	-
Present value of obligation as at the end of the year	1.03	0.83
Net liability in the Balance Sheet	1.03	0.83

	Rupees in Crore	Previous year Rupees in Crore
<b>II. Movement in net liability recognised in the Balance Sheet</b>		
Net liability as at the beginning of the year	0.83	0.93
Net expense recognised in the statement of profit and loss	0.24	0.19
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0.05	(0.13)
Payments during the year	(0.09)	(0.16)
Net liability as at the end of the year	1.03	0.83

	Rupees in Crore	Previous year Rupees in Crore
<b>III. Expense recognised in the statement of profit and loss (Under the head employee benefit expenses)</b>		
Current Service Cost	0.08	0.07
Interest Cost	0.07	0.07
Past Service Cost	-	-
Actuarial Losses/ (Gains)	0.09	0.05
Expenses charged to statement of profit and loss	0.24	0.19

	Rupees in Crore	Previous year Rupees in Crore
<b>IV. Reconciliation of defined benefit commitments</b>		
Commitments at the beginning of the year	0.83	0.93
Current Service Cost	0.08	0.07
Interest Cost	0.07	0.07
Past Service Cost	-	-
Actuarial Losses/ (Gains)	0.09	0.05
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0.05	(0.13)
Benefits Paid	(0.09)	(0.16)
Commitments at the year end	1.03	0.83

V. Experience Adjustments	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17
Defined Benefit Obligation	0.90	0.97	0.93	0.83	1.03
Plan Assets	-	-	-	-	-
Surplus/ (Deficit)	(0.90)	(0.97)	(0.93)	(0.83)	(1.03)
Experience Adj. on Plan Liabilities	(0.02)	0.04	(0.03)	0.05	0.03
Experience Adj. on Plan Assets	-	-	-	-	-

# NOTES

to the Standalone Financial Statements

## VI. Actuarial Assumptions

Mortality table		Previous year
	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Discount rate (per annum)	7.20%	7.95%
Rate of escalation in salary (per annum)	7.00%	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

## 27 Related Party Disclosure:

### Names of related parties and description of Relationship

- (i) Names of related parties and description of relationship where control exists

Holding Company  
JM Financial Limited

#### Subsidiaries

JM Financial Home Loans Limited (with effect from December 16, 2016)  
JM Financial Services Limited (Upto June 18, 2015)  
JM Financial Commtrade Limited (Downstream subsidiary - upto June 18, 2015)  
Astute Investments (Downstream subsidiary-partnership firm - upto June 18, 2015)

- (ii) Names of related parties and description of relationship where transactions have taken place

- (A) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprises.

Holding Company  
JM Financial Limited

#### Subsidiaries

JM Financial Home Loans Limited (with effect from December 16, 2016)  
JM Financial Services Limited (Upto June 18, 2015)  
JM Financial Commtrade Limited (Downstream subsidiary - upto June 18, 2015)  
Astute Investments (Downstream subsidiary-partnership firm - upto June 18, 2015)

#### Fellow Subsidiaries

JM Financial Services Limited (with effect from June 19, 2015)  
JM Financial Commtrade Limited (with effect from June 19, 2015)  
Astute Investments (partnership firm - with effect from June 19, 2015)  
JM Financial Properties & Holdings Limited  
CR Retail Malls (India) Limited  
JM Financial Investment Managers Limited  
JM Financial Institutional Securities Limited  
JM Financial Capital Limited  
JM Financial Credit Solutions Limited

- (B) Key Management Personnel and relatives of such Personnel:

Mr. Vishal Kampani

- (C) Enterprises over which any person described in (B) is able to exercise significant influence:

J.M. Financial & Investment Consultancy Services Private Limited  
JSB Securities Limited

# NOTES

to the Standalone Financial Statements

## (iii) Details of transactions with related parties

Name of the related party	Nature of relationship	Rupees in Crore	Previous year Rupees in Crore
<b>JM Financial Limited</b>			
	(A)		
Dividend paid		98.01	49.01
Reimbursement of employees expenses		0.92	0.77
Transfer of vehicle loan		-	0.30
Transfer of vehicle		-	0.27
Sale of equity shares of JM Financial Services Ltd		-	95.00
<b>JM Financial Home Loan Limited</b>			
	(A)		
Investment in equity shares		12.00	-
Recovery of expenses		0.13	-
<b>JM Financial Services Limited (upto June 18, 2015)</b>			
	(A)		
Inter Corporate Deposits given		-	140.00
Inter Corporate Deposits repaid		-	140.00
Interest income on Inter Corporate Deposits given		-	0.10
<b>JM Financial Services Limited (with effect from June 19, 2015)</b>			
	(A)		
Inter Corporate Deposits given		500.00	90.00
Inter Corporate Deposits repaid		500.00	90.00
Interest income on Inter Corporate Deposits given		0.50	0.16
Issue of market linked debentures		104.76	-
Brokerage charges		0.01	-
Demat charges paid*		0.00	-
*Rs.1,500/- (Previous Year Rs. Nil)			
<b>JM Financial Properties &amp; Holdings Limited</b>			
	(A)		
Inter Corporate Deposits given		139.55	-
Inter Corporate Deposits repaid		91.55	-
Interest income on Inter Corporate Deposits given		1.81	-
Space & other related cost paid		5.60	3.68
Reimbursement of expenses (paid)		2.08	0.62
Security Deposits given		2.82	-
Closing balance as at the year end - ICD given - debit		48.00	-
Closing balance as at the year end - Security Deposit given - debit		8.00	5.17
<b>JM Financial Institutional Securities Limited</b>			
	(A)		
Inter Corporate Deposits given		-	30.00
Inter Corporate Deposits repaid		-	30.00
Interest income on Inter Corporate Deposits given		-	0.01
Reimbursement of expenses		0.03	0.01
<b>JM Financial Investment Managers Limited</b>			
	(A)		
Inter Corporate Deposits given		2.70	7.40
Inter Corporate Deposits repaid		5.20	4.90
Interest income on Inter Corporate Deposits given		0.24	0.27
Closing Balance as at the year end - ICD given - debit		-	2.50
<b>Astute Investments (upto June 18, 2015)</b>			
	(A)		
Recovery of rent expenses		-	0.01

# NOTES

to the Standalone Financial Statements

Name of the related party	Nature of relationship	Rupees in Crore	Previous year Rupees in Crore
<b>Astute Investments (with effect from June 19, 2015)</b>			
	(A)		
Recovery of rent expenses		0.03	0.05
Loan Given		227.56	34.27
Loan repaid		227.56	34.27
Interest income on loan give		0.24	0.03
<b>JM Financial Capital Limited</b>			
	(A)		
Inter Corporate Deposits given		2.70	-
Inter Corporate Deposits repaid		2.70	-
Interest income on Inter Corporate Deposits taken		0.01	-
<b>JM Financial Credit Solutions Limited</b>			
	(A)		
Inter Corporate Deposits taken		75.00	-
Inter Corporate Deposits repaid		75.00	-
Inter Corporate Deposits given		130.00	250.50
Inter Corporate Deposits repaid		130.00	250.50
Interest income on Inter Corporate Deposits given		0.08	1.11
Interest expenses on Inter Corporate Deposits taken		0.02	-
Transfer of gratuity liability paid		0.04	-
Recovery of expenses/support service charges		7.94	6.60
Closing balance as at the year end - debit		0.99	6.90
<b>CR Retail Malls (India) Limited</b>			
	(A)		
Inter Corporate Deposits given		1.50	35.00
Inter Corporate Deposits repaid		1.50	35.00
Interest income on Inter Corporate Deposits given*		0.00	0.45
*Rs.35,600/- (Previous Year Rs. 45,38,302)			
<b>JM Financial Commtrade Limited</b>			
	(A)		
Inter Corporate Deposits given		10.00	10.00
Inter Corporate Deposits repaid		10.00	10.00
Interest income on Inter Corporate Deposits given		0.03	0.07
<b>Mr. Vishal Kampani</b>			
	(B)		
Managerial remuneration		11.23	8.50
Closing Balance as at the year end - (credit)		(10.00)	(7.50)
<b>JSB Securities Limited</b>			
	(C)		
Space cost paid		0.50	-
Security Deposits given		0.60	-
Security Deposits refunded		0.60	-
<b>J. M. Financial &amp; Investment Consultancy Services Private Limited</b>			
	(C)		
Transfer out of fixed assets		-	0.18
Transfer out of vehicle loan		-	0.22

27.1 There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

27.2 Managerial remuneration excludes provision for gratuity as the incremental liability has been accounted for by the Company as a whole.

27.3 The transactions disclosed above are exclusive of service tax.

# NOTES

to the Standalone Financial Statements

## 28 Lease Transactions:

### Finance leases

The Company has taken vehicles on finance lease for a period of 36 months. The minimum lease rentals outstanding as at the year end are as under:

Due	Total Minimum Lease Payments outstanding as at the year end	Interest expenses	Present value of the minimum lease payments
	(Rupees in Crore)		
Not later than one year	0.46	0.12	0.34
	(0.72)	(0.22)	(0.50)
Later than one year and not later than five years	0.48	0.09	0.39
	(0.94)	(0.21)	(0.73)
Later than five years	-	-	-
	(-)	(-)	(-)
<b>TOTAL</b>	<b>0.94</b>	<b>0.21</b>	<b>0.73</b>
	(1.66)	(0.43)	(1.23)

Figures in brackets are for previous year.

### Operating leases

The Company has taken certain premises on non-cancellable operating lease basis. The tenure of such agreements ranges upto 60 months.

The minimum lease rentals outstanding in respect of these are as under:

Due	Total Minimum Lease Payments outstanding as at 31st March, 2017	Total Minimum Lease Payments outstanding as at 31st March, 2016
Not later than one year	-	4.37
Later than one year and not later than five years	-	11.16
Later than five years	-	-
<b>TOTAL</b>	<b>-</b>	<b>15.53</b>

Lease payments recognised in the Statement of Profit and Loss for the year are Rs. Nil (Previous year Rs.4.62 crore).

The Company has taken assets (Premises and Furniture and Fixtures) on cancellable operating lease for the period of 23 months to 60 months.

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

Particulars	Rupees in crore	Previous year Rupees in crore
Profit after tax attributable to equity shareholders (Rupees in crore)	197.23	167.43
Weighted average number of shares outstanding during the year	544,500,000	544,500,000
Basic and Diluted Earnings per share (Rupees)	3.62	3.08
Nominal value per share (Rupees)	10.00	10.00

## 30 Expenditure in Foreign Currency:

Particulars	Rupees in crore	Previous year Rupees in crore
Reimbursement of expenses*	0.00	-
Travelling expenses	-	0.01

\*Rs. 13,522/- (Previous Year Rs. Nil)

# NOTES

to the Standalone Financial Statements

## 31 Segment Information:

- (a) Primary Segment of the Company is business segment. Segments have been identified and reported taking into account the nature of services, the differing risks and returns and the internal reporting structure. The Company has identified two business segments:
- Fund Based Activities: This includes Margin Funding, Initial Public Offering Funding, Loan Against Shares, Wholesale loans etc.
  - Trading in Debt Securities: This includes purchase and sale of debt securities and related interest income thereon.
- (b) Revenues and expenses have been identified to a segment on the basis of relationships to operating activities of the segment. Revenue and expenses which relates to Company as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “unallocable”. Investments, tax related / other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as “unallocable”.
- (c) Segment information for primary segment reporting (by Business Segment):

Particulars	Funding based activities (Rupees in crore)	Trading in Debt Securities (Rupees in crore)	Total (Rupees in crore)
Segment Revenue	643.43	36.70	680.13
	<i>496.17</i>	<i>31.67</i>	<i>527.84</i>
Segment Results before unallocated interest and taxes	264.85	19.21	284.06
	<i>213.69</i>	<i>7.19</i>	<i>220.88</i>
Unallocable Corporate Income/(Expenses) (Net)			19.27
			<i>26.00</i>
Profit before Tax			303.33
			<i>246.88</i>
Tax Expense			106.10
			<i>79.45</i>
Net Profit after Tax			197.23
			<i>167.43</i>
<b>Other Information:</b>			
Segment Assets	5,609.64	20.04	5,629.68
	<i>3,355.67</i>	<i>266.98</i>	<i>3,622.65</i>
Unallocable Corporate Assets			327.39
			<i>686.80</i>
Total Assets			5,957.07
			<i>4,309.45</i>
Segment Liabilities	4,609.31	1.20	4,610.51
	<i>2,779.53</i>	<i>259.26</i>	<i>3,038.79</i>
Unallocable Corporate Liabilities			3.77
			<i>65.13</i>
Total Liabilities			4,614.28
			<i>3,103.92</i>
Capital Expenditure	3.51	-	3.51
	<i>1.94</i>	<i>-</i>	<i>1.94</i>
Depreciation/ Amortization	2.12	0.01	2.13
	<i>1.53</i>	<i>0.02</i>	<i>1.55</i>
Non Cash Expenditure	-	-	-
	<i>-</i>	<i>-</i>	<i>-</i>

Figures in italics indicates previous year figures.

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

## NOTES

to the Standalone Financial Statements

**32 Employee Stock Option Scheme:**

Based on the request made by JM Financial Products Limited ('the Company'), JM Financial Limited, in accordance with Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, has granted the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 523,817 stock options have been granted on April 21, 2011, 745,329 stock options have been granted on April 16, 2012, 724,998 stock options have been granted on May 6, 2013, 947,991 stock option have been granted on April 01, 2014, 173,991 stock option have been granted on April 16, 2015 and 244,794 stock option have been granted on May 12, 2016. The particulars of vesting of the stock options granted to the Employees are given in the below table.

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

Vesting Date	Series	No. of Stock Options	Status	Exercise Period	Exercise Price per Option (Rupees)
21st April, 2012	Series - IV	174,606	Vested	Seven years from the date of Grant	1
21st April, 2013	Series - IV	174,606	Vested	Seven years from the date of Grant	1
21st April, 2014	Series - IV	174,605	Vested	Seven years from the date of Grant	1
16th April, 2013	Series - V	248,443	Vested	Seven years from the date of Grant	1
16th April, 2014	Series - V	248,443	Vested	Seven years from the date of Grant	1
16th April, 2015	Series - V	248,443	Vested	Seven years from the date of Grant	1
6th May, 2014	Series - VI	241,666	Vested	Seven years from the date of Grant	1
6th May, 2015	Series - VI	241,666	Vested	Seven years from the date of Grant	1
6th May, 2016	Series - VI	241,666	Vested	Seven years from the date of Grant	1
1st April, 2015	Series - VII	315,997	Vested	Seven years from the date of Grant	1
1st April, 2016	Series - VII	315,997	Vested	Seven years from the date of Grant	1
1st April, 2017	Series - VII	315,997	To be vested	Seven years from the date of Grant	1
16th April, 2016	Series - VIII	57,997	Vested	Seven years from the date of Grant	1
16th April, 2017	Series - VIII	57,997	To be vested	Seven years from the date of Grant	1
16th April, 2018	Series - VIII	57,997	To be vested	Seven years from the date of Grant	1
12th May, 2016	Series - IX	81,598	Vested	Seven years from the date of Grant	1
12th May, 2017	Series - IX	81,598	To be vested	Seven years from the date of Grant	1
12th May, 2018	Series - IX	81,598	To be vested	Seven years from the date of Grant	1

The current status of the stock options granted to the Employees is as under:

Particulars	Number of outstanding options	
	Current year	Previous year
Outstanding at the beginning of the year	568,660	864,081
Granted during the year	244,794	173,991
Transfer in/ (out) during the year	12,022	-
Lapsed/ forfeited during the year	3,999	56,787
Exercised during the year	224,267	412,625
Outstanding at the end of the year	597,210	568,660
Exercisable at the end of the year	104,423	36,311

The charge on account of the above scheme is included in employee benefits expense aggregating Rs.0.92 crore (Previous year Rs.0.77 crore). Since the options are granted by JM Financial Limited, the Holding company, basic and diluted earnings per share of the Company would remain unchanged.

# NOTES

to the Standalone Financial Statements

### 33 Disclosure required in terms of Regulation 34(3) and 53(f) Of Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015:

#### a) Loans and advances in the nature of loans given to subsidiaries and associates:

Name of the company	Relationship	Maximum Balance	Rupees	
			Closing Balance	
JM Financial Services Limited	Fellow Subsidiary	100.00	-	-
		(140.00)	(-)	(-)
JM Financial Investment Managers Limited	Fellow Subsidiary	5.10	-	-
		(6.50)	(2.50)	(2.50)
JM Financial Institutional Securities Limited	Fellow Subsidiary	-	-	-
		(30.00)	(-)	(-)
JM Financial Credit Solutions Limited	Fellow Subsidiary	130.00	-	-
		(145.00)	(-)	(-)
JM Financial Properties & Holdings Limited	Fellow Subsidiary	48.00	48.00	48.00
		(-)	(-)	(-)
JM Financial Commtrade Limited	Fellow Subsidiary	10.00	-	-
		(10.00)	(-)	(-)
Astute Investments	Fellow Subsidiary	21.36	-	-
		(25.00)	(-)	(-)
CR Retail Malls (India) Limited	Fellow Subsidiary	1.40	-	-
		(35.00)	(-)	(-)
JM Financial Capital Limited	Fellow Subsidiary	2.70	-	-
		(-)	(-)	(-)
JM Financial Asset Reconstruction Private Limited	Fellow Subsidiary	51.00	-	-
	(With effect from September 30, 2016)	(50.00)	(-)	(-)

Loans and advances shown above are interest bearing, repayable on demand and are utilised for their business purposes.  
(figures in brackets indicates previous year figures)

# NOTES

to the Standalone Financial Statements

## 34 Corporate Governance and Disclosure Norms for NBFCs:

(As stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014)

### 34.1 Capital Risk Adequacy Ratio (CRAR):

Particulars	Current year	Previous year
CRAR (%)	21.06%	30.58%
CRAR - Tier I capital (%)	20.64%	29.92%
CRAR - Tier II capital (%)	0.42%	0.66%
Amount of subordinated debt raised as Tier-II capital	-	-
Amount raised by issue of Perpetual Debt instruments	-	-

### 34.2 Exposures:

	(Rupees in Crore)	(Rupees in Crore)
<b>I Exposure to Real Estate Sector</b>		
<b>a) Direct Exposure</b>		
(i) Residential Mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	42.40	35.00
(ii) Commercial Real Estate*-		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).		
Exposure would also include non-fund based (NFB) limits;	2,776.63	1,617.08
* Also includes Commercial Real Estate exposure in Investments.		
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
a) Residential,	-	-
b) Commercial Real Estate.	-	-
<b>b) Indirect Exposure</b>		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
<b>II Exposure to Capital Market</b>		
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	3.03
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	326.54	267.60
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,695.70	868.83
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	17.33	2.65
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
<b>Total Exposure to Capital Market</b>	<b>2,039.57</b>	<b>1,142.11</b>
<b>III Details of financing of parent company products</b>	Nil	Nil
<b>IV Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC</b>	Nil	Nil
<b>V Unsecured Advances</b>		
Amount of advances given against intangible securities	Nil	Nil

# NOTES

to the Standalone Financial Statements

### 34.3 Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

Particulars	(Rupees in crore)									
	upto 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total	
<b>Liabilities</b>										
Borrowing from Banks	-	-	-	-	20.00	257.77	122.23	-	400.00	
	(140.25)	(-)	(-)	(-)	(-)	(200.00)	(-)	(-)	(340.25)	
Market Borrowings	453.61	285.70	661.84	620.95	1,316.83	693.01	77.10	-	4,109.04	
	(414.46)	(500.08)	(505.67)	(546.25)	(401.23)	(253.74)	(7.90)	(-)	(2,629.33)	
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
<b>Assets</b>										
Advances	691.00	285.93	274.84	1,041.72	620.88	1,692.47	482.66	144.04	5,233.54	
	(296.44)	(230.79)	(470.70)	(512.12)	(529.97)	(1,080.03)	(44.60)	(20.33)	(3,184.98)	
Deposits	-	-	-	-	0.38	-	8.00	0.01	8.39	
	(-)	(-)	(-)	(-)	(-)	(1.07)	(5.18)	(0.01)	(6.26)	
Investments	-	-	-	5.71	-	123.00	193.00	114.27	435.98	
	(-)	(7.02)	(-)	(-)	(-)	(3.03)	(-)	(95.05)	(105.10)	
Foreign currency assets	-	-	-	-	-	-	-	-	-	
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	

Figures in brackets are for previous year

#### Notes:

- Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
- The above statement includes only certain items of assets and liabilities (as stipulated in Annexure 4 of Circular No. DNBR (PD) CC No. 002/03.10.001/2014-15, dated November 10, 2014) and therefore does not reflect the complete asset liability maturity pattern of the Company.

## NOTES

to the Standalone Financial Statements

## 34.4 Particulars

Liabilities side		Amount outstanding (Rupees in crore)	Amount overdue (Rupees in crore)
(I)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a)	Debentures		
	(i) Secured	1,040.26	-
		(263.15)	(-)
	(ii) Unsecured (other than falling within the meaning of public deposits)	177.34	-
		(-)	(-)
(b)	Deferred Credits	-	-
		(-)	(-)
(c)	Term Loans	400.00	-
		(300.77)	(-)
(d)	Inter-corporate loans and borrowing	27.07	-
		(237.21)	(-)
(e)	Commercial Paper (net of unamortised discount)	2,894.16	-
		(1,893.94)	(-)
(f)	Other Loans (Please Specify)		
	Overdraft Accounts	-	-
		(-)	(-)
	Cash Credits	0.19	-
		(40.74)	(-)
	CBLO Borrowing (net of unamortised discount)	-	-
		(242.86)	(-)
	Working capital demand loan	-	-
		(-)	(-)
	Due under finance lease	0.73	-
		(1.23)	(-)
Assets side		Amount outstanding (Rupees in crore)	
(II)	Break up of Loans and Advances including bills receivables (other than those included in (IV) below):		
(a)	Secured		4,579.76
			(2,789.51)
(b)	Unsecured		603.06
			(353.40)
(III)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:		
(a)	Lease assets including lease rentals under sundry debtors:		
	(i) Financial Lease		-
			(-)
	(ii) Operating Lease		-
			(-)
(b)	Stock on hire including hire charges under sundry debtors:		-
	(i) Assets on hire		(-)
			-
	(ii) Repossessed Assets		(-)
			-
(c)	Other loans counting towards AFC activities:		(-)
	(i) Loans where assets have been repossessed		-
			(-)
	(ii) Loans other than (a) above		-
			(-)

# NOTES

to the Standalone Financial Statements

		Amount outstanding (Rupees in crore)
<b>(IV) Break - up of Investments:</b>		
<b>(a) Current Investments:</b>		
1. Quoted:		
(i) Shares:		
(a) Equity		-
		(-)
(b) Preference		-
		(-)
(ii) Debentures and Bonds		-
		(-)
(iii) Units of Mutual Funds		-
		(-)
(iv) Government Securities		-
		(-)
(v) Others (Please Specify)		-
		(-)
2. Unquoted:		
(i) Shares:		
(a) Equity		-
		(-)
(b) Preference		-
		(-)
(ii) Debentures and Bonds		-
		(-)
(iii) Units of Mutual Funds		-
		(-)
(iv) Government Securities		-
		(-)
(v) Others (Please Specify)		-
Class A Security Receipts		5.71
		(7.02)
<b>(b) Long Term Investments:</b>		
1. Quoted:		
(i) Shares:		
(a) Equity		-
		(3.03)
(b) Preference		-
		(-)
(ii) Debentures and Bonds		-
		(-)
(iii) Units of Mutual Funds		-
		(-)
(iv) Government Securities		-
		(-)
(v) Others (Please Specify)		-
		(-)

# NOTES

to the Standalone Financial Statements

	Amount outstanding (Rupees in crore)
2. Unquoted:	
(i) Shares:	
(a) Equity	12.00
	(-)
(b) Preference	95.05
	(95.05)
(ii) Debentures and Bonds	323.22
	(-)
(iii) Units of Mutual Funds	-
	(-)
(iv) Government Securities	-
	(-)
(v) Others (Please Specify)	-
	(-)

(Rupees in Crore)

(V) Borrower group - wise classification of assets financed as in (II) and (III) above:

Category	Amount net of provisions		Total
	Secured	Unsecured	
(a) Related Parties			
(i) Subsidiaries	-	-	-
	(-)	(-)	(-)
(ii) Companies in the same group	-	48.00	48.00
	(-)	(2.50)	(2.50)
(iii) Other related parties	-	-	-
	(-)	(-)	(-)
(b) Other than related parties	4,579.76	555.06	5,134.82
	(2,789.51)	(350.90)	(3,140.41)
	<b>4,579.76</b>	<b>603.06</b>	<b>5,182.82</b>
	<b>(2,789.51)</b>	<b>(353.40)</b>	<b>(3,142.91)</b>
Less: Provision for non-performing assets			4.14
			(8.61)
Total			<b>5,178.68</b>
			<b>(3,134.30)</b>

(VI) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
(a) Related Parties		
(i) Subsidiaries	12.00	12.00
	(-)	(-)
(ii) Companies in the same group *	95.05	95.05
	(95.05)	(95.05)
(iii) Other related parties	-	-
	(-)	(-)
(b) Other than related parties **	329.43	328.93
	(10.62)	(10.05)
Total	<b>436.48</b>	<b>435.98</b>
	<b>(105.67)</b>	<b>(105.10)</b>

# NOTES

to the Standalone Financial Statements

Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
(VII) Other Information:		Amount
Particulars		
(a) Gross Non – Performing Assets		
(i) Related Parties		-
		(-)
(ii) Other than related parties		4.14
		(20.32)
(b) Net Non – Performing Assets		
(i) Related Parties		-
		(-)
(ii) Other than related parties		-
		(11.71)
(c) Assets acquired in satisfaction of debt		-
		(-)

(figures in brackets indicates previous year figures)

\* Non cumulative redeemable preference shares and therefore considered at cost.

\*\* cost is considered where-ever fair value is not available

**34.5** There are no restructured advances as on March 31, 2017, hence disclosure of information as required in terms of sub-Para 9 of Paragraph 27 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 (issued vide Notification No. DNBR.009/CGM(CDS)-2015 dated March 27, 2015) is not warranted.

### 34.6 Investments

Particulars	Rupees in Crore	Previous year Rupees in Crore
(a) Value of Investments		
(i) Gross Value of Investments		
(a) in India	435.98	105.10
(b) outside India	-	-
(ii) Provision for depreciation		
(a) in India	-	-
(b) outside India	-	-
(iii) Net Value of Investments		
(a) in India	435.98	105.10
(b) outside India	-	-
(b) Movement of provisions held towards depreciation on investments		
(i) Opening balances	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

### 34.7 Additional & Miscellaneous Disclosures:

(I) Registration obtained from other financial sector regulators  
Company has not registered with other financial sector regulators except with Reserve Bank of India

(II) Disclosure of Penalties imposed by RBI and other regulators Nil Nil

## NOTES

to the Standalone Financial Statements

## (III) Ratings assigned by credit rating agencies and migration of ratings during the year:

Rating particulars	Rating Agency	Rating assigned
Commercial Paper Programme	ICRA Limited	ICRA A1+
	CRISIL Limited	Crisil A1+
Non-Convertible Debentures	ICRA Limited	ICRA AA / Stable
	CRISIL Limited	Crisil AA / Stable
Bank Loan facility	ICRA Limited	ICRA AA / Stable
	CRISIL Limited	Crisil AA / Stable
Long Term Principal Protected Equity Linked Debentures Programme	ICRA Limited	PP-MLD[ICRA] AA / Stable

During the current year, there is no change in ratings.

## (IV) Net Profit or Loss for the period, prior period items and changes in accounting policies:

There are no prior period items and changes in accounting policies impacting net profit for the year

## (V) Revenue Recognition:

Revenue Recognition has not been postponed on account of pending resolution of significant uncertainties

## (VI) Provisions and Contingencies

## Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

	Rupees in crore	Previous year Rupees in crore
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	104.70	78.56
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	-	-

## (VII) Draw Down from Reserves

Nil Nil

## (VIII) Concentration of Deposits, Advances, Exposures and NPAs

## (a) Concentration of Deposits (for deposit taking NBFCs)

Total Deposits of twenty largest depositors	NA
Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC	NA

## (b) Concentration of Advances

Total advances to twenty largest borrowers (Rupees in crore)	2,772.98
Percentage of advances to twenty largest borrowers to total advances of the NBFC	53.50%

## (c) Concentration of Exposures

Total exposure to twenty largest borrowers / customers (Rupees in crore)	2,777.04
Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers	53.23%

## (d) Concentration of NPAs

Total exposure to top four NPA accounts (Rupees in crore)	3.53
---	------

## (e) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector
Agriculture & allied activities	-
MSME	-
Corporate borrowers	0.05%
Services	-
Unsecured personal loans	-
Auto loans	-
Other personal loans	-
Other loans	0.21%

# NOTES

to the Standalone Financial Statements

(IX) Movement of NPAs	Rupees in Crore	Previous year Rupees in Crore
(i) Net NPAs to Net Advances (%)	0.00%	0.37%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	20.32	47.93
(b) Additions during the year	0.01	-
(c) Reductions during the year	16.19	27.61
(d) Closing balance	4.14	20.32
(iii) Movement of Net NPAs		
(a) Opening balance	11.71	39.02
(b) Additions during the year	-	-
(c) Reductions during the year	11.71	27.31
(d) Closing balance	-	11.71
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	8.61	8.91
(b) Provisions made during the year	0.01	2.37
(c) Write-off / write-back of excess provisions	4.48	2.67
(d) Closing balance	4.14	8.61

## (X) Disclosure of Complaints

### Customer Complaints

Particulars	
No. of complaints pending at the beginning of the year	-
No. of complaints received during the year	-
No. of complaints redressed during the year	-
No. of complaints pending at the end of the year	-

(XI) Disclosure in respect of derivatives, securitisation transactions, overseas assets (for those with joint ventures and subsidiaries abroad), off balance sheet SPV's sponsored are not applicable for the year to the Company.

## 35 Provision for Standard Assets

To ensure that Non-Banking Financial Companies (NBFC) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, requiring all NBFCs to make a general provision at 0.35 per cent of the outstanding standard assets. The Company had in the past created provision for standard assets as per guidelines prescribed by the Board of Directors which is sufficient to comply with the aforesaid RBI notification.

### Movement in Provision for standard assets

	Rupees in Crore	Previous year Rupees in Crore
(a) Opening balance as at the beginning of the year	26.27	26.27
(b) Provisions made during the year	-	-
(c) Utilisation of Provisions during the year*	-	-
(d) Reversal of Provisions during the year*	-	-
(e) Closing balance as at the end of the year	26.27	26.27

## 36 Expenditure towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 (read with schedule VII thereof)

- a) Gross amount required to be spent by the Company during the year – Rs.4.70 crore (previous year, Rs. 4.23 crore)
- b) Amount spent and paid during the year by way of donations to charitable trusts– Rs. 4.70 crore (previous year, Rs. 4.23 crore)

## NOTES

to the Standalone Financial Statements

**37 Disclosures as per notification, dated March 30, 2017, issued by Ministry of Corporate Affairs are as follows -**

(Rupees in Crore)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts*	-	0.01	0.01
(-) Permitted payments**	-	0.00	0.00
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.01	0.01
* represents withdrawal from a Bank			
**Rs.20,421/-			

**38 Unhedged Foreign Currency Exposure**

Particulars	As at 31.03.2017	As at 31.03.2016
Foreign Currency Exposures (FCE) as on 31.03.2017	Nil	Nil
Total credit exposures (sanctioned) from banking system on 31.03.2017 (in foreign currency)	Nil	Nil

**39** The Board of Directors of the Company have proposed a dividend of Re.1/- per equity share for the year ended 31st March, 2017 (Previous Year Re. 1/- per equity share). The dividend will be paid after the approval of shareholders at the Annual General Meeting. During the previous year, the Company had made a provision for the dividend declared by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 - 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed/ declared after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend proposed by the Board of Directors for the year ended 31st March, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its Surplus in Statement of Profit and Loss would have been lower by Rs.59.46 crore and Short Term Provision would have been higher by Rs.59.46 crore (including dividend distribution tax of Rs. 10.06 crore).

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

For and on behalf of the Board of Directors

**Vishal Kampani**  
Managing Director  
DIN - 00009079

**V P Shetty**  
Chairman  
DIN - 00021773

Place : Mumbai  
Date : April 27, 2017

**Hemant Kotak**  
Chief Financial Officer

**Reena Sharda**  
Company Secretary

# FORM AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiary company as on March 31, 2017

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities <sup>a</sup>	Investments	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend	% of shareholding
JM Financial Home Loans Limited	₹	120,000,000	26,362	120,314,003	287,641	-	1,593,592	39,242	12,880	26,362	-	100.00%

**Note:**

- a. Total liabilities exclude share capital and reserve.

For and on behalf of the Board of Directors

**Vishal Kampani**  
Managing Director  
DIN - 00009079

**V P Shetty**  
Chairman  
DIN - 00021773

Place : Mumbai  
Date : April 27, 2017

**Hemant Kotak**  
Chief Financial Officer

**Reena Sharda**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

## To The Members of JM Financial Products Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JM FINANCIAL PRODUCTS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act. The respective Board of Directors of companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements 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 the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

#### 1. 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

## INDEPENDENT AUDITOR'S REPORT

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 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 A", which is based on the auditors' reports of the Holding Company and its subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's and its subsidiary company's incorporated in India internal financial controls over financial reporting.
- g) 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,

as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (refer note 24 of the consolidated financial statements).
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.
- iv. The Holding Company and its component did not have any holding or dealing in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 (Refer note 34 of the consolidated financial statements).

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)

Mumbai, dated 27th April, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

### **(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of JM FINANCIAL PRODUCTS LIMITED (hereinafter referred to as “the Holding Company”) and its subsidiary company incorporated in India, as of that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, 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 Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 was established and maintained and if 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 judgement, including the assessment of the risks of material misstatement of 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 internal financial controls system over financial reporting of the Holding Company and its subsidiary company incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, 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 31st March, 2017, based on the internal control over financial reporting criteria established

by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Abhijit A. Damle**  
Partner  
(Membership No. 102912)  
Mumbai, dated 27th April, 2017

**CONSOLIDATED BALANCE SHEET**

as at 31st March 2017

	Note No.	Amount	(Rupees in Crore) Amount
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	544.50	
Reserves and Surplus	3	798.29	
			1,342.79
<b>Non-Current Liabilities</b>			
Long-term borrowings	4	1,150.12	
Long term provisions	5	27.13	
			1,177.25
<b>Current Liabilities</b>			
Short-term borrowings	6	2,919.16	
Trade payables:	7		
- Dues to micro and small enterprises		-	
- Others		13.60	
Other current liabilities	8	496.79	
Short-term provisions	9	7.51	
			3,437.06
<b>TOTAL</b>			<b>5,957.10</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		4.05	
Intangible assets		0.91	
Non-current investments	11	418.27	
Deferred tax assets (net)	12	12.46	
Long-term loans and advances	13	2,327.00	
			2,762.69
<b>Current assets</b>			
Current investments	14	5.71	
Stock-in-trade	15	9.86	
Cash and bank balances	16	263.63	
Short-term loans and advances	17	2,914.93	
Other current assets	18	0.28	
			3,194.41
<b>TOTAL</b>			<b>5,957.10</b>
Notes to the consolidated financial statements	1 to 36		

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Abhijit A. Damle**  
Partner

Place : Mumbai  
Date : April 27, 2017

For and on behalf of the Board of Directors

**Vishal Kampani**  
Managing Director  
DIN - 00009079

**Hemant Kotak**  
Chief Financial Officer

**V P Shetty**  
Chairman  
DIN - 00021773

**Reena Sharda**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2017

	Note No.	Amount
(Rupees in Crore)		
Revenue from operations	19	680.13
Other Income	20	26.43
<b>TOTAL REVENUE</b>		<b>706.56</b>
<b>EXPENSES</b>		
Employee benefits expense	21	23.37
Finance costs	22	344.11
Depreciation / amortization expense	10	2.13
Operating and other expenses	23	33.62
<b>TOTAL EXPENSES</b>		<b>403.23</b>
<b>PROFIT BEFORE TAX</b>		<b>303.33</b>
<b>TAX EXPENSE:</b>		
Current tax		104.73
Deferred tax		1.37
Short provision for income tax in respect of earlier years		
<b>Total</b>		<b>106.10</b>
<b>PROFIT AFTER TAX</b>		<b>197.23</b>
<b>Earning Per Equity Share</b>		
(Face value of Rs. 10/- each)		
Basic and Diluted (in Rupees)	29	3.62
Notes to the consolidated financial statements	1 to 36	

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Abhijit A. Damle**  
 Partner

**Vishal Kampani**  
 Managing Director  
 DIN - 00009079

**V P Shetty**  
 Chairman  
 DIN - 00021773

Place : Mumbai  
 Date : April 27, 2017

**Hemant Kotak**  
 Chief Financial Officer

**Reena Sharda**  
 Company Secretary

# CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended 31st March, 2017

		(Rupees in Crore)
PARTICULARS	Amount	
<b>A</b>	<b>Net Profit before tax</b>	303.33
	Adjustment for :	
	Depreciation/ Amortisation	2.13
	Loss on fixed assets sold/ discarded (net)	0.25
	Loan funds written off	0.55
	Interest expenses - Others	0.23
	Provision for doubtful loans written back(net)	(4.47)
	Interest Income on fixed deposits with Banks and others	(3.94)
	Provision for bonus - written back	(1.26)
	Dividend on long term investments	(0.07)
	Loss on sale of long term investments	0.41
	Profit on sale of current investments	(16.65)
	Operating Profit before Working Capital Changes	<b>280.51</b>
	<b>Changes in working capital</b>	
	<b>Adjustment for (increase)/ decrease in operating assets:</b>	
	Loans and advances and other current assets	(2,013.76)
	Stock-in-trade	247.04
	Accrued interest income related to operating activities	0.08
	<b>Adjustment for increase/ (decrease) in operating liabilities:</b>	
	Trade payables, other liabilities and provisions	18.54
	Accrued interest expenses related to operating activities	20.39
	<b>Cash (used in) from operations</b>	<b>(1,447.20)</b>
	Direct taxes paid (net)	(105.74)
	<b>Net Cash (used in) Operating Activities (A)</b>	<b>(1,552.94)</b>
<b>B</b>	<b>Cash flow from Investing Activities</b>	
	Purchase of fixed assets	(3.95)
	Purchase of long term investments	(546.22)
	Sale of long term investments	226.94
	(Purchase)/ sale of current investments (net)	16.65
	Interest received	4.15
	Dividend received	0.07
	<b>Net Cash (used in) Investing Activities (B)</b>	<b>(302.36)</b>
<b>C</b>	<b>Cash flow from Financing Activities</b>	
	Proceeds from long term borrowings (net)	972.35
	Proceeds from short term borrowings (net)	567.12
	Interest paid	(0.23)
	Dividend paid (Including Corporate Dividend Tax)	(119.94)
	<b>Net Cash flow from Financing Activities (C)</b>	<b>1,419.30</b>

(Rupees in Crore)

PARTICULARS	Amount
Net (decrease) in cash and cash equivalents (A+B+C)	(436.00)
Cash and cash equivalents at the beginning of the year	639.63
Cash and cash equivalents at the end of the year	<b>203.63</b>

Notes,

(1) Reconciliation of cash and cash equivalents:	
As per Balance Sheet (Refer note 16)	263.63
Less: Balances with banks in deposit	60.00
As per Cash-flow statement	<b>203.63</b>
(2) Balances with banks in deposit includes Rs.60.00 crore (Previous year Rs.60.00 crore) placed as securities against overdraft facilities availed from the banks.	

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
 Chartered Accountants

For and on behalf of the Board of Directors

**Abhijit A. Damle**

Partner

**Vishal Kampani**

 Managing Director  
 DIN - 00009079

**V P Shetty**

 Chairman  
 DIN - 00021773

Place : Mumbai

Date : April 27, 2017

**Hemant Kotak**

Chief Financial Officer

**Reena Sharda**

Company Secretary

# NOTES

to the Consolidated Financial Statements

## Note 1

### (1) Principles of consolidation:

The consolidated financial statements relate to JM Financial Products Limited ("the Company") and its subsidiary, which together constitutes the Group. The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the subsidiary used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31st March, 2017.
- b. The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS- 21) "Consolidated Financial Statements".
- c. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and appropriate adjustments are made to the financial statements of subsidiary when they are used in preparing the consolidated financial statements that are presented in the same manner as the Company's separate financial statements.

The name of the subsidiary of the Company which is included in the consolidation and the Group's holding therein is as under:

Name of the Subsidiary	Country of Incorporation/ Registration	Percentage of Holding
JM Financial Home Loans Limited	India	100%

### (2) Significant Accounting Policies

#### Basis of preparation of financial statements

The consolidated financial statements of the Group 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 ("the Act") read with relevant rules

issued thereunder. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

#### Use of Estimates

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

#### Fixed Assets

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

#### Depreciation

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

#### Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Softwares are amortized over a period of five years on a straight line basis.

#### Impairment loss

Impairment loss is provided to the extent the carrying amount(s) of assets exceed their recoverable amount(s).

## NOTES

to the Consolidated Financial Statements

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

### Investments

Current investments are carried at lower of cost (Scrip wise) and fair value. Long term investments are carried at cost. Provision is made to recognize a decline, other than temporary, in the carrying amount of long term investments.

### Stock in Trade

Stock in trade is carried at lower of cost and fair value. Cost is determined on First in First Out basis.

### Foreign Currency Transactions

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

### Revenue Recognition

Interest income is recognised on accrual basis except in case of non-performing assets where interest is accounted on realization. In other cases, income is recognised when there is no significant uncertainty as to determination or realization exists.

### Provision for Non Performing Assets (NPA) and Standard Assets (SA)

"All loans and other credit exposures, where the installments are overdue for a period of four months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the Master Direction - "Non-Banking Financial Company- Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 and Master Direction- Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016"

by the Reserve Bank of India (RBI). Additional provisions (over and above the provisioning requirements under the Directions as specified by RBI) are also made as per guidelines prescribed by the Board of Directors."

### Employee Retirement Benefits

#### (a) Post Employment Benefits and Other Long Term Benefits:

##### Defined Contribution Plan:

The Group contributes towards Provident Fund and Family Pension Fund. Liability in respect thereof is determined on the basis of contribution as required under the Statue/ Rules.

##### Defined Benefit Plans:

In respect of gratuity, provision is made based upon the actuarial valuation done at the end of every financial year using "Projected unit Credit Method". Major drivers in actuarial assumption, typically, are years of services and employees compensation. Gains and losses on changes in actuarial assumption are charged to the statement of profit and loss.

#### (b) Short term employee benefits:

Short term employee benefits are recognized as expense at the undiscounted amount in the statement of profit and loss of the year in which the related services are rendered.

### Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of costs of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### Taxes on income

Tax expense comprises both current and deferred tax at the applicable enacted/ substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents effect of timing differences between taxable income and accounting income

# NOTES

to the Consolidated Financial Statements

for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of existence of carry forward unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that deferred tax assets can be realised against future taxable profits.

## Provisions and contingencies

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

## NOTES

to the Consolidated Financial Statements

## 2 SHARE CAPITAL

(Rupees in Crore)

	Amount
<b>Authorised</b>	
1,100,000,000 Equity Shares of Rs.10/- each	1,100.00
100,000,000 Preference Shares of Rs.10/- each	100.00
<b>TOTAL</b>	<b>1,200.00</b>
<b>Issued, Subscribed and Paid-up</b>	
544,500,000 equity shares of Rs.10/- each fully paid up	544.50
<b>TOTAL</b>	<b>544.50</b>

2.1 The Company has issued only one class of shares i.e. equity.

2.2 Details of Shareholding in excess of 5%:

Names of the Shareholders	Number of shares & % of holding
JM Financial Limited and its nominees (5 shares held by nominees)	490,050,000 90.00%
JM Financial Institutional Securities Limited	50,461,850 9.27%

## 3 RESERVES AND SURPLUS

(Rupees in Crore)

	Amount
<b>Securities Premium Reserve</b>	<b>38.23</b>
<b>Statutory Reserve</b>	
(under section 45-IC of The Reserve Bank of India Act, 1934)	
Opening balance	193.29
Add : Transfer from the Statement of Profit and Loss	40.00
	233.29
<b>Capital Redemption Reserve*</b>	<b>0.00</b>
*Rs. 1,000/-	
<b>Balance in the Statement of Profit and Loss</b>	
Opening balance	429.51
Profit for the year	197.23
Interim dividend	(49.83)
Corporate dividend tax	(10.14)
Transferred to statutory reserve	(40.00)
	526.77
<b>TOTAL</b>	<b>798.29</b>

## NOTES

to the Consolidated Financial Statements

## 4 LONG TERM BORROWINGS

	(Rupees in Crore)
	<b>Amount</b>
<b>Secured</b>	
Term Loan from a Bank (Refer note 4.1)	400.00
Less: Current maturities of Term loans from Banks	(20.00)
	380.00
Non-Convertible Debentures (Refer note 4.2 and 4.3)	1,012.30
Less: Current maturities of Non-Convertible Debentures	(242.50)
Less: Unamortised discount on non convertible debentures	(0.07)
	769.73
Finance lease obligations (Refer note 4.4 and 28)	0.73
Less: Current maturities of Finance Lease Obligations	(0.34)
	0.39
<b>Unsecured</b>	
Non-Convertible Debentures (Refer note 4.3)	177.00
Less: Current maturities of Non-Convertible Debentures	(177.00)
	-
<b>TOTAL</b>	<b>1,150.12</b>

## 4.1 Term Loan from a Bank :

- a) Term Loan is secured by way of floating first pari passu charge by way of hypothecation on certain identified loan fund balances of the Company.  
b) Maturity profile and rate of interest of Term Loan:

Maturity profile	Rate of interest	Current Year
2018-19	8.75%	180.00
2019-20	8.40%	77.77
2020-21	8.40%	122.23
		380.00

- 4.2 Non-Convertible Debentures are secured by way of first charge on freehold land and hypothecation on certain identified loan fund balances of the Company.

- 4.3 Maturity profile and rate of interest/ discounted rate of interest of Non-Convertible Debentures (NCDs) face value of Rs. 1,000,000/- each:

Particulars	Non Current Current Year	Current Current Year
0.00% NCD redeemable in year 2017-18 *	-	100.00
0.00% NCD redeemable in year 2018-19 *	278.00	-
0.00% NCD redeemable in year 2019-20 *	64.70	-
0.00% NCD redeemable in year 2020-21 *	77.10	-
11.38% NCD redeemable in year 2016-17	-	-
9.55% NCD redeemable in year 2017-18	-	50.00
8.75% NCD redeemable in year 2017-18***	-	177.00
8.40% NCD redeemable in year 2018-19	75.00	-
8.81% NCD redeemable in year 2018-19	100.00	-
8.88% NCD redeemable in year 2018-19	15.00	-
8.89% NCD redeemable in year 2018-19	95.00	-
NCD redeemable in year 2016-17**	-	-
NCD redeemable in year 2017-18**	-	92.50
NCD redeemable in year 2018-19**	60.00	-
NCD redeemable in year 2019-20**	5.00	-
<b>Total</b>	<b>769.80</b>	<b>419.50</b>

\* Redeemable at premium

\*\* Market linked debentures (MLD)

\*\*\*Unsecured

- 4.4 Finance lease obligations are secured by way of hypothecation of vehicles.

## NOTES

to the Consolidated Financial Statements

## 5 LONG TERM PROVISIONS

	(Rupees in Crore)
	<b>Amount</b>
For Standard Assets (Refer note 35)	26.27
<b>For employee benefits:</b>	
Gratuity (Refer note 26)	0.86
<b>TOTAL</b>	<b>27.13</b>

## 6 SHORT TERM BORROWINGS

	(Rupees in Crore)
	<b>Amount</b>
<b>Unsecured</b>	
Other loans and advances	
Commercial paper (Refer note 6.1 and 6.2)	2,993.70
Less: Unamortised interest on commercial paper	(99.54)
	2,894.16
Inter Corporate Deposits	25.00
<b>TOTAL</b>	<b>2,919.16</b>

6.1 The maximum amount of commercial paper outstanding at any time during the year was Rs.6,141.70 crore.

6.2 Interest rate of commercial paper issued during the year ranges from 6.40% to 12.00% p.a.

7 There are no dues payable to Micro and Small Enterprises, based on the information available with the Company, and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not applicable.

## 8 OTHER CURRENT LIABILITIES

	(Rupees in Crore)
	<b>Amount</b>
<b>Current maturities of long term borrowings:</b>	
-Term Loan from Bank (Refer note 4)	20.00
-Non-Convertible Debentures (Refer note 4)	419.50
Less: Unamortised discount on non convertible debentures	(0.08)
	419.42
-Finance Lease Obligations (Refer note 4 and 28)	0.34
Interest accrued but not due on borrowings	30.71
Income received in advance	6.19
Employee benefits payable	18.10
Statutory dues	0.88
Directors' commission payable	1.15
<b>TOTAL</b>	<b>496.79</b>

## 9 SHORT TERM PROVISIONS

	(Rupees in Crore)
	<b>Amount</b>
For Taxation (net of advance tax)	2.64
For doubtful loans	4.14
<b>For employee benefits:</b>	
-Compensated absences	0.56
-Gratuity (Refer note 26)	0.17
<b>TOTAL</b>	<b>7.51</b>

# NOTES

to the Consolidated Financial Statements

## 10 FIXED ASSETS

(Rupees in Crore)

Description of Assets	GROSS BLOCK (AT COST)		DEPRECIATION / AMORTISATION		NET BLOCK		
	As at 01.04.2016	Additions / Deductions / Adjustments	As at 31.03.2017	Up to 31.03.2016	For the year	Deductions / Adjustments / Up to 31.03.2017	As at 31.03.2017
<b>TANGIBLE ASSETS</b>							
Own Assets							
Freehold Land (Refer note 10.1)	0.21	-	0.21	-	-	-	0.21
Furniture and Fixtures	0.43	0.22	0.52	0.13	0.08	0.04	0.17
Computers	0.58	0.17	0.75	0.32	0.14	-	0.46
Office Equipment	0.16	0.19	0.34	0.08	0.07	0.01	0.14
Vehicles	-	1.60	1.60	-	0.07	-	0.07
Leasehold Improvements	1.81	1.09	2.44	1.07	0.86	0.30	1.63
Leased Assets							
Vehicles (Refer note 10.2)	1.55	-	1.55	0.40	0.49	-	0.89
<b>TOTAL</b>	<b>4.74</b>	<b>3.27</b>	<b>7.41</b>	<b>2.00</b>	<b>1.71</b>	<b>0.35</b>	<b>4.05</b>
<b>INTANGIBLE ASSETS</b>							
Software	3.11	0.24	3.35	2.02	0.42	-	2.44
<b>TOTAL</b>	<b>3.11</b>	<b>0.24</b>	<b>3.35</b>	<b>2.02</b>	<b>0.42</b>	<b>-</b>	<b>2.44</b>

**10.1** Mortgaged as security against secured non-Convertible Debentures. (Refer note 4.2)

**10.2** Vendors have a lien over assets taken on lease.

# NOTES

to the Consolidated Financial Statements

## 11 NON-CURRENT INVESTMENTS (Non Trade, fully paid up)

(Rupees in Crore)		
	Nos.	Amount
<b>a) Equity Shares</b>		
<b>In Others (unquoted)</b>		
Fairassets Technologies India Private Limited of Rs. 10/- each *	2	0.00
*Rs 11,542/-		
<b>b) Preference Shares</b>		
<b>In Others (unquoted)</b>		
10% Participating non-cumulative redeemable preference shares of JM Financial Properties & Holdings Limited of Rs. 10/- each	95,050,000	95.05
<b>c) Debentures</b>		
<b>In Others (unquoted)</b>		
<b>Compulsory Convertible Debentures</b>		
Fairassets Technologies India Private Limited - Series A of Rs. 5,771.13 each	12,508	7.22
<b>Non Convertible Debentures</b>		
Valdel Real Estate Private Limited of Rs. 10,000,000/- each	90	90.00
Wellnest India Projects Private Limited of Rs. 10,000,000/- each	25	25.00
Goel Ganga Developers India Private Limited of Rs. 10,000,000/- each	55	55.00
Goel Ganga Realty Private Limited of Rs. 10,000,000/- each	40	40.00
Spenta Enclave Private Limited -Series 1 of Rs. 10,000,000/- each	56	56.00
Spenta Enclave Private Limited -Series 2 of Rs. 10,000,000/- each	50	50.00
<b>TOTAL</b>		<b>418.27</b>

### 11.1 Aggregate cost of:

(Rupees in Crore)	
	Amount
Unquoted Investments	418.27
<b>Total</b>	<b>418.27</b>

## 12 DEFERRED TAX ASSETS (NET)

(Rupees in Crore)	
	Amount
Difference between books and tax written down value of fixed assets	0.69
Provision for standard assets	9.09
Provision for doubtful loans	1.43
Disallowances under section 43B of the Income Tax Act, 1961	1.25
	12.46

# NOTES

to the Consolidated Financial Statements

## 13 LONG TERM LOANS AND ADVANCES

	(Rupees in Crore)
	<b>Amount</b>
<b>(Unsecured unless otherwise stated and considered good)</b>	
<b>Loan funds:</b>	
Secured	2,298.40
Unsecured	2.84
	<u>2,301.24</u>
Advance tax (net of provision for tax)	16.07
Security deposits	8.39
Capital advances	1.29
Staff loans	0.01
<b>TOTAL</b>	<b>2,327.00</b>

## 14 CURRENT INVESTMENTS

	(Rupees in Crore)
	<b>Amount</b>
<b>(Unquoted)</b>	
<b>Security Receipts of Rs. 1,000/- each, Fully paid-Up</b>	
200,000 Class A Security Receipts	5.71
(Face value partly redeemed)	
<b>TOTAL</b>	<b>5.71</b>

### 14.1 Aggregate cost of:

	(Rupees in Crore)
	<b>Amount</b>
Unquoted investments	5.71
<b>Total</b>	<b>5.71</b>

## 15 STOCK-IN-TRADE

	(Rupees in Crore)
	<b>Amount</b>
Debt instruments	9.86
<b>TOTAL</b>	<b>9.86</b>

15.1 Debt instruments includes interest accrued of Rs.0.18 crore

## 16 CASH AND BANK BALANCES

	(Rupees in Crore)
	<b>Amount</b>
<b>Cash and cash equivalents</b>	
Balances with banks	
- in current accounts	14.13
- in deposit accounts	189.50
	<u>203.63</u>
Other bank balances	
In deposit accounts under lien against which overdraft facilities are availed (Refer note 16.1)	60.00
<b>TOTAL</b>	<b>263.63</b>

# NOTES

to the Consolidated Financial Statements

16.1 Deposit accounts under lien of Rs. 60.00 crore against which overdraft facilities remained outstanding as at the year end of Rs. Nil.

## 17 SHORT TERM LOANS AND ADVANCES

(Rupees in Crore)

	Amount
(Unsecured unless otherwise stated)	
Loan funds:	
Secured	2,281.36
Unsecured	600.22
	2,881.58
Accrued Interest on loan funds	30.93
Others*	2.42
<b>TOTAL</b>	<b>2,914.93</b>

\* includes prepaid expenses, service tax input credit receivable etc.

## 18 OTHER CURRENT ASSETS

(Rupees in Crore)

	Amount
Accrued interest on deposits with banks	0.28
<b>TOTAL</b>	<b>0.28</b>

# NOTES

to the Consolidated Financial Statements

## 19 REVENUE FROM OPERATIONS

(Rupees in Crore)

	Amount
Income from funding activities	603.03
Income from trading in debt instruments (net)	36.70
Interest / premium on debentures	7.59
Advisory and other fees	32.81
<b>TOTAL</b>	<b>680.13</b>

## 20 OTHER INCOME

(Rupees in Crore)

	Amount
Interest on:	
- Fixed deposits with banks	2.78
- Others	1.16
	3.94
Dividend on investments	
- Long Term	0.07
Profit on sale of investments:	
- Current (net)	16.65
Provision for bonus written back	1.26
Provision for doubtful loans written back (net)	4.47
Miscellaneous Income	0.04
<b>TOTAL</b>	<b>26.43</b>

## 21 EMPLOYEE BENEFITS EXPENSE

(Rupees in Crore)

	Amount
Salaries, bonus, other allowances and benefits (net of recoveries of Rs. 7.94 crore)	22.25
Contribution to provident and other funds (Refer note 26)	0.77
Gratuity (Refer note 26)	0.24
Staff welfare expenses	0.11
<b>TOTAL</b>	<b>23.37</b>

## 22 FINANCE COSTS

(Rupees in Crore)

	Amount
Interest on fixed loans	343.13
Interest on bank overdraft	0.75
Interest on others	0.23
<b>TOTAL</b>	<b>344.11</b>

## NOTES

to the Consolidated Financial Statements

**23 OPERATING AND OTHER EXPENSES**

(Rupees in Crore)

	<b>Amount</b>
Professional and consultancy charges	4.73
Space and other related costs (Refer note 28) (net of recoveries of Rs. 0.03 crore)	7.47
Rates and taxes	8.48
Membership and subscription	0.55
Manpower cost	0.67
Auditors' remuneration (Refer note 25)	0.16
Electricity	0.40
Communication expenses	0.09
Travelling and conveyance	0.47
Insurance	0.24
Printing and stationery	0.05
Repairs and maintenance - others	0.27
Loss on fixed assets sold / discarded (net)	0.25
Loss on sale of long term investment	0.41
Loan funds written off	0.55
Donations	5.70
Directors' commission	1.15
Sitting fees to directors	0.15
Miscellaneous expenses	1.83
<b>TOTAL</b>	<b>33.62</b>

**24 Contingent Liabilities and commitments**

(Rupees in Crore)

(a) Contingent Liabilities not provided for in respect of:	
Estimated liability on account of disallowance u/s 14A of Income Tax Act 1961, for AY 2010-11 for which appeal is pending before Income Tax Appellate Tribunal (ITAT). The Group is hopeful in succeeding in the aforesaid matters.	0.30
(b) Capital Commitments:	
Estimated amount of contracts remaining to be executed on capital account and not provided for	4.20

**25 Payment to Auditors': (Excluding service tax)**

(Rupees in Crore)

Audit Fees	0.09
In any other manner (Certifications, limited reviews, etc.)	0.06
Out of pocket expenses	0.01
<b>TOTAL</b>	<b>0.16</b>

## NOTES

to the Consolidated Financial Statements

**26 Employee Benefits:****Short-term employee benefits:**

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

**Defined Contribution Plan:**

Contributions are made to Government Provident Fund and Family Pension Fund which covers all regular employees. While both the employees and the Company make predetermined contributions to the provident fund, contribution to the family pension fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognized as expense in respect of these defined contribution plans, aggregate Rs. 0.74 crore.

<b>Defined Benefit Plan: [Gratuity (Unfunded)]</b>		<b>Rupees in Crore</b>
<b>I. Reconciliation of liability recognised in the Balance Sheet</b>		
Fair value of plan assets as at the end of the year		-
Present value of obligation as at the end of the year		1.03
Net liability in the Balance Sheet		1.03
		<b>Rupees in Crore</b>
<b>II. Movement in net liability recognised in the Balance Sheet</b>		
Net liability as at the beginning of the year		0.83
Net expense recognised in the statement of profit and loss		0.24
Liabilities Assumed on Acquisition / (Settled on Divestiture)		0.05
Payments during the year		(0.09)
Net liability as at the end of the year		1.03
		<b>Rupees in Crore</b>
<b>III. Expense recognised in the statement of profit and loss (Under the head employee benefit expenses)</b>		
Current Service Cost		0.08
Interest Cost		0.07
Past Service Cost		-
Actuarial Losses/ (Gains)		0.09
Expenses charged to statement of profit and loss		0.24
		<b>Rupees in Crore</b>
<b>IV. Reconciliation of defined benefit commitments</b>		
Commitments at the beginning of the year		0.83
Current Service Cost		0.08
Interest Cost		0.07
Past Service Cost		-
Actuarial Losses/ (Gains)		0.09
Liabilities Assumed on Acquisition / (Settled on Divestiture)		0.05
Benefits Paid		(0.09)
Commitments at the year end		1.03

# NOTES

to the Consolidated Financial Statements

	Rupees in Crore
	31-Mar-17
<b>V. Experience Adjustments</b>	
Defined Benefit Obligation	1.03
Plan Assets	-
Surplus/ (Deficit)	(1.03)
Experience Adj. on Plan Liabilities	0.03
Experience Adj. on Plan Assets	-
<b>VI. Actuarial Assumptions</b>	
Mortality table	Indian Assured Lives (2006-08) Ultimate
Discount rate (per annum)	7.20%
Rate of escalation in salary (per annum)	7.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

## 27 Related Party Disclosure:

### Names of related parties and description of Relationship

- (i) Names of related parties and description of relationship where control exists

#### Holding Company

JM Financial Limited

- (ii) Names of related parties and description of relationship where transactions have taken place

- (A) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprises.

#### Holding Company

JM Financial Limited

#### Fellow Subsidiaries

JM Financial Services Limited

JM Financial Commtrade Limited

Astute Investments

JM Financial Properties & Holdings Limited

CR Retail Malls (India) Limited

JM Financial Investment Managers Limited

JM Financial Institutional Securities Limited

JM Financial Capital Limited

JM Financial Credit Solutions Limited

JM Financial Asset Reconstruction Company Private Limited

- (B) Key Management Personnel and relatives of such Personnel:

Mr. Vishal Kampani

- (C) Enterprises over which any person described in (B) is able to exercise significant influence:

J.M. Financial & Investment Consultancy Services Private Limited

JSB Securities Limited

## NOTES

to the Consolidated Financial Statements

## (iii) Details of transactions with related parties

Name of the related party	Nature of relationship	Rupees in Crore
<b>JM Financial Limited</b>	(A)	
Dividend paid		98.01
Reimbursement of employees expenses		0.92
<b>JM Financial Services Limited</b>	(A)	
Inter Corporate Deposits given		500.00
Inter Corporate Deposits repaid		500.00
Interest income on Inter Corporate Deposits given		0.50
Issue of market linked debentures		104.76
Brokerage charges		0.01
Demat charges paid*		0.00
*Rs.1,500/- (Previous Year Rs. Nil)		
<b>JM Financial Properties &amp; Holdings Limited</b>	(A)	
Inter Corporate Deposits given		139.55
Inter Corporate Deposits repaid		91.55
Interest income on Inter Corporate Deposits given		1.81
Space & other related cost paid		5.60
Reimbursement of expenses (paid)		2.08
Security Deposits given		2.82
Closing balance as at the year end - ICD given - debit		48.00
Closing balance as at the year end - Security Deposit given - debit		8.00
<b>JM Financial Institutional Securities Limited</b>	(A)	
Reimbursement of expenses		0.03
<b>JM Financial Investment Managers Limited</b>	(A)	
Inter Corporate Deposits given		2.70
Inter Corporate Deposits repaid		5.20
Interest income on Inter Corporate Deposits given		0.24
<b>Astute Investments</b>	(A)	
Recovery of rent expenses		0.03
Loan Given		227.56
Loan repaid		227.56
Interest income on loan give		0.24
<b>JM Financial Capital Limited</b>	(A)	
Inter Corporate Deposits given		2.70
Inter Corporate Deposits repaid		2.70
Interest income on Inter Corporate Deposits taken		0.01

# NOTES

to the Consolidated Financial Statements

Name of the related party	Nature of relationship	Rupees in Crore
<b>JM Financial Credit Solutions Limited</b>	(A)	
Inter Corporate Deposits taken		75.00
Inter Corporate Deposits repaid		75.00
Inter Corporate Deposits given		130.00
Inter Corporate Deposits repaid		130.00
Interest income on Inter Corporate Deposits given		0.08
Interest expenses on Inter Corporate Deposits taken		0.02
Transfer of gratuity liability paid		0.04
Recovery of expenses/support service charges		7.94
Closing balance as at the year end - debit		0.99
<b>CR Retail Malls (India) Limited</b>	(A)	
Inter Corporate Deposits given		1.50
Inter Corporate Deposits repaid		1.50
Interest income on Inter Corporate Deposits given*		0.00
Rupees 35,600/-		
<b>JM Financial Commtrade Limited</b>	(A)	
Inter Corporate Deposits given		10.00
Inter Corporate Deposits repaid		10.00
Interest income on Inter Corporate Deposits given		0.03
<b>Mr. Vishal Kampani</b>	(B)	
Managerial remuneration		11.23
Closing Balance as at the year end - (credit)		(10.00)
<b>JSB Securities Limited</b>	(C)	
Space cost paid		0.50
Security Deposits given		0.60
Security Deposits refunded		0.60

**27.1** There are no provision for doubtful debts/ advances or amounts written off or written back for debts due from/ due to related parties.

**27.2** Managerial remuneration excludes provision for gratuity as the incremental liability has been accounted for by the Company as a whole.

**27.3** The transactions disclosed above are exclusive of service tax.

## 28 Lease Transactions:

### Finance leases

The Group has taken vehicles on finance lease for a period of 36 months. The minimum lease rentals outstanding as at the year end are as under:

(Rupees in Crore)

Due	Total Minimum Lease Payments outstanding as at the year end	Interest expenses	Present value of the minimum lease payments
Not later than one year	0.46	0.12	0.34
Later than one year and not later than five years	0.48	0.09	0.39
Later than five years	-	-	-
<b>TOTAL</b>	<b>0.94</b>	<b>0.21</b>	<b>0.73</b>

# NOTES

to the Consolidated Financial Statements

## Operating leases

The Group has taken assets (Premises and Furniture and Fixtures) on cancellable operating lease for the period of 23 months to 60 months.

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

Particulars	Rupees in Crore
Profit after tax attributable to equity shareholders (Rupees in Crore)	197.23
Weighted average number of shares outstanding during the year	544,500,000
Basic and Diluted Earnings per share (Rupees)	3.62
Nominal value per share (Rupees)	10.00

## 30 Expenditure in Foreign Currency:

Particulars	Rupees in Crore
Reimbursement of expenses*	0.00

\*Rs. 13,522/-

## 31 Segment Information:

- (a) Primary Segment of the Group is business segment. Segments have been identified and reported taking into account the nature of services, the differing risks and returns and the internal reporting structure. The Group has identified two business segments:
- Fund Based Activities: This includes Margin Funding, Initial Public Offering Funding, Loan Against Shares, Wholesale loans etc.
  - Trading in Debt Securities: This includes purchase and sale of debt securities and related interest income thereon.
- (b) Revenues and expenses have been identified to a segment on the basis of relationships to operating activities of the segment. Revenue and expenses which relates to Group as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "unallocable". Investments, tax related / other assets and liabilities that cannot be allocated to a segment on a reasonable basis have been disclosed as "unallocable".
- (c) Segment information for primary segment reporting (by Business Segment):

Particulars	Funding based activities	Trading in Debt Securities	Total
Segment Revenue	643.43	36.70	680.13
Segment Results before unallocated interest and taxes	264.85	19.21	284.06
Unallocable Corporate Income/(Expenses) (Net)			19.27
Profit before Tax			303.33
Tax Expense			106.10
Net Profit after Tax			197.23
<b>Other Information:</b>			
Segment Assets	5,609.64	20.04	5,629.68
Unallocable Corporate Assets			327.42
Total Assets			5,957.10
Segment Liabilities	4,609.31	1.20	4,610.51
Unallocable Corporate Liabilities			3.80
Total Liabilities			4,614.31
Capital Expenditure	3.51	-	3.51
Depreciation/ Amortization	2.12	0.01	2.13
Non Cash Expenditure	-	-	-

- (d) The Group operates in only one geographical segment and hence no further information is provided.

## NOTES

to the Consolidated Financial Statements

### 32 Employee Stock Option Scheme:

Based on the request made by JM Financial Products Limited ('the Group'), JM Financial Limited, in accordance with Securities And Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, has granted the equity stock options, inter alia, to the eligible employees and/or directors (the Employees) of the Company. 523,817 stock options have been granted on April 21, 2011, 745,329 stock options have been granted on April 16, 2012, 724,998 stock options have been granted on May 6, 2013, 947,991 stock option have been granted on April 01, 2014, 173,991 stock option have been granted on April 16, 2015 and 244,794 stock option have been granted on May 12, 2016. The particulars of vesting of the stock options granted to the Employees are given in the below table.

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

Vesting Date	Series	No. of Stock Options	Status	Exercise Period	Exercise Price per Option (Rupees)
21st April, 2012	Series - IV	174,606	Vested	Seven years from the date of Grant	1
21st April, 2013	Series - IV	174,606	Vested	Seven years from the date of Grant	1
21st April, 2014	Series - IV	174,605	Vested	Seven years from the date of Grant	1
16th April, 2013	Series - V	248,443	Vested	Seven years from the date of Grant	1
16th April, 2014	Series - V	248,443	Vested	Seven years from the date of Grant	1
16th April, 2015	Series - V	248,443	Vested	Seven years from the date of Grant	1
6th May, 2014	Series - VI	241,666	Vested	Seven years from the date of Grant	1
6th May, 2015	Series - VI	241,666	Vested	Seven years from the date of Grant	1
6th May, 2016	Series - VI	241,666	Vested	Seven years from the date of Grant	1
1st April, 2015	Series - VII	315,997	Vested	Seven years from the date of Grant	1
1st April, 2016	Series - VII	315,997	Vested	Seven years from the date of Grant	1
1st April, 2017	Series - VII	315,997	To be vested	Seven years from the date of Grant	1
16th April, 2016	Series - VIII	57,997	Vested	Seven years from the date of Grant	1
16th April, 2017	Series - VIII	57,997	To be vested	Seven years from the date of Grant	1
16th April, 2018	Series - VIII	57,997	To be vested	Seven years from the date of Grant	1
12th May, 2016	Series - IX	81,598	Vested	Seven years from the date of Grant	1
12th May, 2017	Series - IX	81,598	To be vested	Seven years from the date of Grant	1
12th May, 2018	Series - IX	81,598	To be vested	Seven years from the date of Grant	1

The current status of the stock options granted to the Employees is as under:

Particulars	Number of outstanding options
Outstanding at the beginning of the year	568,660
Granted during the year	244,794
Transfer in/ (out) during the year	12,022
Lapsed/ forfeited during the year	3,999
Exercised during the year	224,267
Outstanding at the end of the year	597,210
Exercisable at the end of the year	104,423

The charge on account of the above scheme is included in employee benefits expense aggregating Rs.0.92 crore. Since the options are granted by JM Financial Limited, the Holding company, basic and diluted earnings per share of the Company would remain unchanged.

### 33 Expenditure towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 (read with schedule VII thereof)

- a) Gross amount required to be spent by the Group during the year – Rs.4.70 crore
- b) Amount spent and paid during the year by way of donations to charitable trusts– Rs. 4.70 crore

# NOTES

to the Consolidated Financial Statements

**34 Disclosures as per notification, dated March 30, 2017, issued by Ministry of Corporate Affairs are as follows -**

	(Rupees in Crore)		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
(+) Permitted receipts*	-	0.01	0.01
(-) Permitted payments**	-	0.00	0.00
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.01	0.01

\* represents withdrawal from a Bank

\*\*Rs. 20,421/-

**35 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013**

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Rupees in crore	As % of consolidated profit or loss	Rupees in crore
Parent : JM Financial Products Limited	99.11%	1,330.79	100.00%	197.23
Subsidiary (incorporated in India) :				
JM Financial Home Loans Limited	0.89%	12.00	0.00%	0.00

- 36 JM Financial Home Loans Limited, wholly owned subsidiary of the Company, incorporated on 16th December, 2016, has made an application to the National Housing Bank for obtaining the registration to carry on the business of housing finance activity particularly in affordable segment. Accordingly, figures in the consolidated financial statements have been provided for current year only.

For and on behalf of the Board of Directors

**Vishal Kampani**  
Managing Director  
DIN - 00009079

**V P Shetty**  
Chairman  
DIN - 00021773

Place : Mumbai  
Date : April 27, 2017

**Hemant Kotak**  
Chief Financial Officer

**Reena Sharda**  
Company Secretary





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