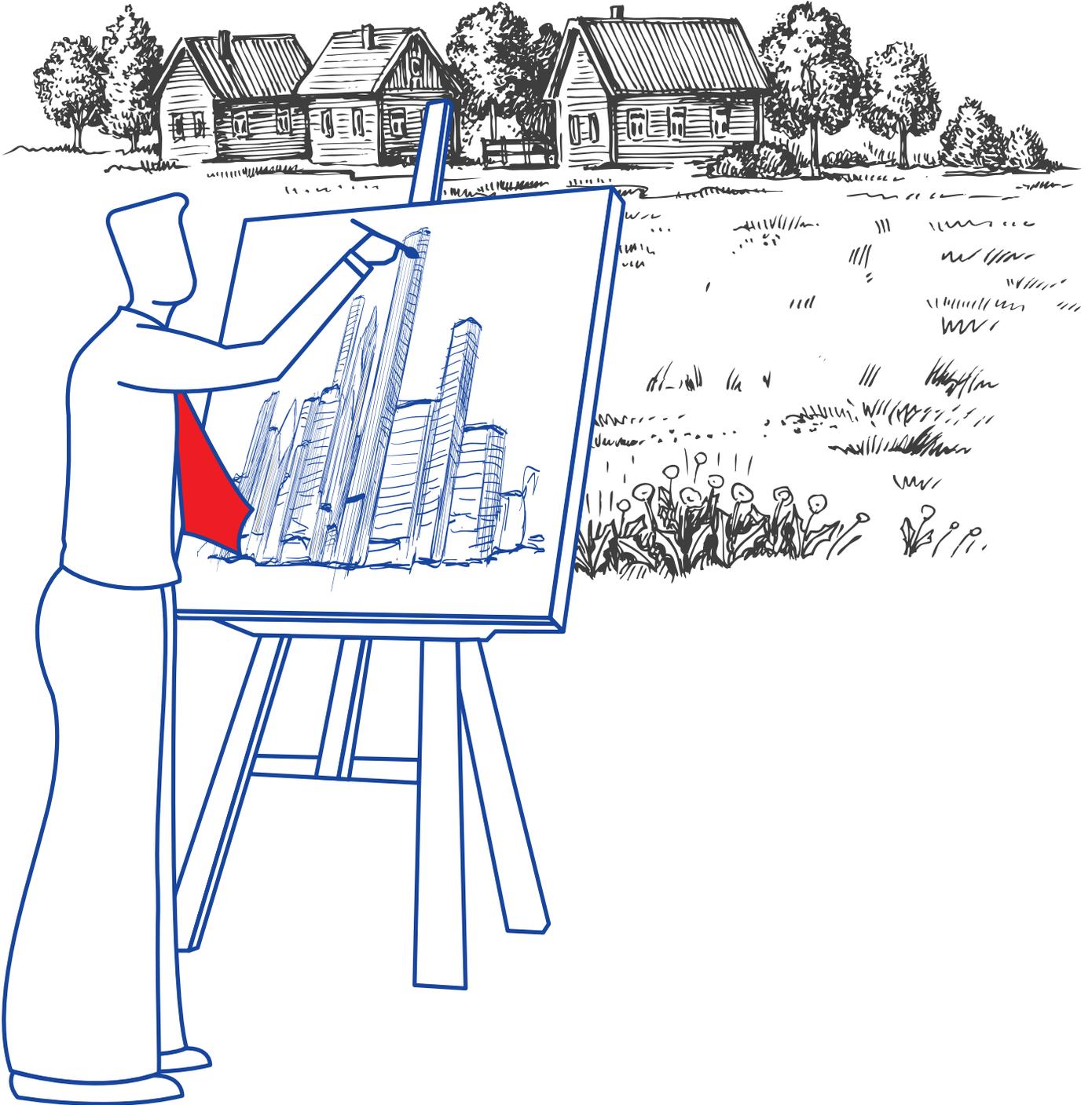


Towards Tomorrow
Expertise. Experience. Excellence.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. S R Nayak - Chairman
Mr. Anil Salvi
Ms. Madhu Dubhashi
Mr. V Subramonian

CHIEF FINANCIAL OFFICER

Mr. Rajesh Shah

COMPANY SECRETARY

Mr. P K Choksi

AUDIT COMMITTEE

Ms. Madhu Dubhashi – Chairperson
Mr. V Subramonian
Mr. S R Nayak

BANKERS

HDFC Bank Limited
Manekji Wadia Bldg, Ground Floor,
Nanik Motwane Marg, Fort,
Mumbai - 400001

STATUTORY AUDITORS

M/s Arun Arora & Co.
Chartered Accountants
304, Marine Chambers,
New Marine Lines,
Mumbai - 400 020

REGISTERED OFFICE

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

The red tie man,

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

INDEPENDENT AUDITOR'S REPORT

To the members of JM FINANCIAL PROPERTIES AND HOLDINGS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JM Financial Properties and Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 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 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 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, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, 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 financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and the same are in accordance with its books of accounts maintained.
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 **Arun Arora And Co.**
Chartered Accountants

ARUN ARORA
Proprietor
(Membership No. A- 12018)

Place: Mumbai
Dated: April 18, 2017

INDEPENDENT AUDITOR'S REPORT

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 Properties and Holdings Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the 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

INDEPENDENT AUDITOR'S REPORT

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.

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 March 31, 2017, based

on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Arun Arora And Co.**
Chartered Accountants

Place: Mumbai
Dated: April 18, 2017

ARUN ARORA
Proprietor
(Membership No. A- 12018)

INDEPENDENT AUDITOR'S REPORT

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. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management. According to the information and explanation given to us, no major discrepancies were noticed on such verification.
- (c) On the basis of examination of the documents, we report that all the immovable property is in the name of the Company as at the balance sheet date.
2. The Company has not granted any 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.
3. The Company has complied with the provisions of section 185 and 186 of the Companies Act.
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 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 payable in respect of the aforesaid dues in arrears as at March 31, 2017 for a period of more than six months from the date of becoming payable.
 - (b) There are 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 March 31, 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 involved (₹)	Amount Unpaid (₹)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2012-13	36,22,680/-	30,22,680/-
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14	3,43,20,190/-	2,91,20,190/-

6. The Company has not defaulted in repayment of dues for taken any loans or borrowings from financial institutions or banks or government or debentures holders.
7. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
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 explanation given to us, the remuneration paid/provided to the manager is in accordance with the provision of Section 197 read with Schedule V of the Companies Act.
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 188 and 177 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 CARO 2016 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 not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **Arun Arora And Co.**
Chartered Accountants

ARUN ARORA
Proprietor
(Membership No. A- 12018)

Place: Mumbai
Dated: April 18, 2017

BALANCE SHEET

as at March 31, 2017

	Note	(₹ in Lakh)	
		As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	2.1	9,805.00	9,805.00
(b) Reserves and surplus	2.2	486.23	409.41
		10,291.23	10,214.41
(2) Non-current liabilities			
(a) Long term provisions	2.3	5.24	3.90
(b) Deferred tax liabilities (net)	2.4	256.46	211.89
		261.70	215.79
(3) Current Liabilities			
(a) Short term borrowings	2.5	12,595.00	8,500.00
(b) Trade payables	2.6		
- Dues to micro & small enterprises		43.49	-
- Others		192.36	317.62
(c) Other current liabilities	2.7	3,254.23	2,935.73
(d) Short term provisions	2.8	1.63	1.63
		16,086.71	11,754.98
Total		26,639.64	22,185.18
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets	2.9		
(i) Tangible assets	2.9A	24,918.31	20,671.69
(ii) Intangible assets	2.9B	4.15	6.02
(b) Long term loans and advances	2.10	1,245.70	1,377.29
		26,168.16	22,055.00
(2) Current assets			
(a) Cash and cash equivalents	2.11	330.43	76.22
(b) Short term loans and advances	2.12	140.97	53.95
(c) Other current assets	2.13	0.08	0.01
		471.48	130.18
Total		26,639.64	22,185.18
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and behalf of

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Arun Arora

Proprietor

Membership No. A-12018

Madhu Dubhashi

Director

S R Nayak

Director

P K Choksi

Company Secretary

Rajesh Shah

Chief Financial Officer

Place: Mumbai

Date: April 18, 2017

Place: Mumbai

Date: April 18, 2017

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
(₹ in Lakh)			
I Income:			
(a) Revenue from operations	2.14	2,428.02	2,235.32
(b) Other income	2.15	572.34	32.80
Total Revenue		3,000.36	2,268.12
II Expenses:			
(a) Employee benefits expense	2.16	75.80	70.69
(b) Finance costs	2.17	1,508.98	850.83
(c) Depreciation and amortization expense	2.9	755.38	684.51
(d) Other expenses	2.18	507.80	395.79
Total Expenses		2,847.96	2,001.82
III Profit before tax		152.40	266.30
IV Less: Tax expense			
Current tax		31.00	52.00
Deferred tax		44.58	80.39
		75.58	132.39
V Profit for the year		76.82	133.91
Earnings per equity share (EPS)	2.21		
(face value of ₹ 10/- each)			
(Basic EPS (in ₹))		2.56	4.46
(Diluted EPS (in ₹))		2.56	4.46
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date**For and behalf of****For Arun Arora & Co.**

Chartered Accountants

For and on behalf of the Board of Directors**Arun Arora**

Proprietor

Membership No. A-12018

Madhu Dubhashi

Director

S R Nayak

Director

P K Choksi

Company Secretary

Rajesh Shah

Chief Financial Officer

Place: Mumbai

Date: April 18, 2017

Place: Mumbai

Date: April 18, 2017

STATEMENT OF CASH FLOW

for the year ended March 31, 2017

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
A Net Profit before tax	152.40	266.30
Adjustment for :		
Depreciation	755.38	684.51
Dividend income	(4.32)	(20.05)
Interest income	(551.47)	(12.75)
Interest expense	1,508.98	850.83
Operating profit before working capital changes	1,860.97	1,768.84
Adjustment for :		
(Increase)/decrease in short-term loans and advances	(87.02)	(42.79)
(Increase)/decrease in long-term loans and advances	529.00	(587.50)
(Increase)/decrease in other current assets	(0.07)	0.37
Increase/(decrease) in trade payables	(81.77)	218.69
Increase/(decrease) in long term provisions	1.34	1.04
Increase/(decrease) in short term provisions	(#)	0.36
Increase/(decrease) in other current liabilities	318.49	23.04
Cash generated from operations	2,540.94	1,382.05
Direct taxes paid	(428.41)	(94.56)
Net Cash from operating activities (A)	2,112.53	1,287.49
B Cash flow from investing activities		
Purchase of current investments	(92,332.30)	(2,785.05)
Sale of Current Investments	92,332.30	2,785.05
Purchase of fixed assets	(5,000.13)	(22.69)
Interest income	551.47	12.75
Dividend Received	4.32	20.05
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(10.00)	-
Net Cash generated from/(used in) investing activities (B)	(4,454.34)	10.11
C Cash flow from financing activities		
Interest expense	(1,508.98)	(850.83)
Proceeds from short term borrowings	4,095.00	(1,000.00)
Net Cash generated from/(used in) financing activities (C)	2,586.02	(1,850.83)
Net increase/decrease in cash and cash equivalents (A+B+C)	244.21	(553.23)
Cash and cash equivalents at the beginning of the year	76.22	629.45
Cash and cash equivalents at the end of the year	320.43	76.22
Notes:		
Cash and bank balances as per note 2.11	330.43	76.22
Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statement")	(10.00)	-
Cash & cash equivalents as shown in Cash Flow Statement	320.43	76.22
Note:		
1 Previous year's figures have been regrouped and rearranged wherever necessary		
2 # denotes amount below ₹ 500/-		

Significant accounting policies and notes to financial statements 1 & 2

As per our attached report of even date
For and behalf of
For Arun Arora & Co.

Chartered Accountants

Arun Arora

Proprietor

Membership No. A-12018

Place: Mumbai

Date: April 18, 2017

For and on behalf of the Board of Directors
Madhu Dubhashi

Director

S R Nayak

Director

P K Choksi

Company Secretary

Rajesh Shah

Chief Financial Officer

Place: Mumbai

Date: April 18, 2017

SIGNIFICANT ACCOUNTING POLICIES

and Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, ("the Act") read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India.

1.2 Use of estimates

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

1.3 Revenue recognition

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

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

Interest income is recognised on an accrual basis.

1.4 Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Act or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

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

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

Owned intangible assets

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

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

Leased assets

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

1.5 Investments

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

SIGNIFICANT ACCOUNTING POLICIES

and Notes to Financial Statements

per the Management's estimate. Current investments are carried at lower of cost or fair value.

1.6 Employee benefits

Defined contribution plan

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

Defined benefit plan

The Company's liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

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

1.7 Taxation

Tax expense comprises current tax and deferred tax.

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

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

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

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

1.8 Operating leases

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

1.9 Foreign currency transactions

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

1.10 Provisions, contingent liabilities and contingent assets

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

NOTES

to the Financial Statements

2 NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Authorised		
2,50,00,000 (2,50,00,000) Equity Shares of ₹10/- each	2,500.00	2,500.00
12,50,00,000 (12,50,00,000) Preference Shares of ₹10/- each	12,500.00	12,500.00
	15,000.00	15,000.00
Issued, Subscribed and Paid-up		
30,00,000 (30,00,000) Equity Shares of ₹10/- each fully paid up	300.00	300.00
9,50,50,000 (9,50,50,000) Preference Shares of ₹ 10/- each fully paid up	9,505.00	9,505.00
Total	9,805.00	9,805.00

Note a:

Out of Equity and Preference shares issued by the Company, shares held by each shareholder holding more than 5 percent shares are as below:

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares:				
JM Financial Limited (Holding Company)	30,00,000	100%	30,00,000	100%
Preference Shares:				
JM Financial Products Limited	9,50,50,000	100%	9,50,50,000	100%

Note b:

Reconciliation of the number of equity shares outstanding

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	30,00,000	300.00	30,00,000	300.00
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	30,00,000	300.00	30,00,000	300.00

Note c:

Reconciliation of the number of preference shares outstanding

	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	9,50,50,000	9,505.00	9,50,50,000	9,505.00
Shares issued during the year	-	-	-	-
Shares redeemed during the year	-	-	-	-
Shares outstanding at the end of the year	9,50,50,000	9,505.00	9,50,50,000	9,505.00

Note d:

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

Particulars

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

NOTES

to the Financial Statements

Note e:

Terms and rights attached to each class of shares:

Equity shares:

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

Preference shares :

1) RIGHT TO RANK PRIOR TO EQUITY SHARES:

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

2) VOTING RIGHTS:

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

3) DIVIDEND:

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

4) TERM OF PREFERENCE SHARES:

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

5) REDEMPTION OF SHARES:

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

2.2 RESERVES AND SURPLUS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Surplus in statement of profit and loss:		
Opening balance	409.41	275.50
Add: Profit for the year	76.82	133.91
Closing balance	486.23	409.41
Total	486.23	409.41

NOTES

to the Financial Statements

2.3 LONG-TERM PROVISIONS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
For employee benefits - gratuity [refer note 2.22 A (a)]	5.24	3.90
Total	5.24	3.90

2.4 DEFERRED TAX LIABILITIES (NET)

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liability:		
Depreciation (net)	257.65	212.62
Deferred Tax Assets:		
Employee related expenses	1.19	0.73
Total	256.46	211.89

2.5 SHORT TERM BORROWINGS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Inter corporate deposits (unsecured)	12,595.00	8,500.00
Total	12,595.00	8,500.00

2.6 TRADE PAYABLES

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Total outstanding dues to micro enterprises and small enterprises	43.49	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	192.36	317.62
Total	235.85	317.62

2.7 OTHER CURRENT LIABILITIES

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Security deposit	3,148.54	2,866.29
Statutory Dues	86.24	50.98
Employee benefits payable	19.45	18.46
Total	3,254.23	2,935.73

2.8 SHORT-TERM PROVISIONS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
For employee benefits:		
Compensated absences [refer note 2.22 A (b)]	1.31	1.40
Gratuity [refer note 2.22 A (a)]	0.32	0.23
Total	1.63	1.63

NOTES

to the Financial Statements

2.9 FIXED ASSETS

(₹ in Lakh)

Description	Gross block (at cost)			As at March 31, 2017	Depreciation/Amortisation			Net block		
	As at March 31, 2016	Additions for the year	Deductions for the year		As at March 31, 2016	Additions for the year	Deductions for the year	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
A) TANGIBLE ASSETS										
Owned assets:										
Office Premises	18,838.78	4,321.28	-	23,160.06	519.33	380.29	-	899.62	22,260.44	18,319.45
Furniture, fixtures and Improvements	2,733.03	559.44	-	3,292.47	635.17	273.88	-	909.05	2,383.42	2,097.87
Office equipments	454.64	93.50	-	548.14	207.13	94.26	-	301.39	246.75	247.50
Computers	15.12	25.49	-	40.61	8.25	4.66	-	12.91	27.70	6.87
TOTAL (A)	22,041.57	4,999.71	-	27,041.28	1,369.88	753.09	-	2,122.97	24,918.31	20,671.69
B) INTANGIBLE ASSETS										
Software	8.99	0.42	-	9.41	2.97	2.29	-	5.26	4.15	6.02
TOTAL (B)	8.99	0.42	-	9.41	2.97	2.29	-	5.26	4.15	6.02
TOTAL (A+B)	22,050.56	5,000.13	-	27,050.69	1,372.85	755.38	-	2,128.23	24,922.46	20,677.71
Previous year	22,027.91	22.95	0.30	22,050.55	688.37	684.51	0.04	1,372.84	20,677.71	-

2.10 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Security Deposits	413.60	355.10
Capital advances	-	587.50
Income tax paid (net of provision)	832.10	434.69
Total	1,245.70	1,377.29

2.11 CASH AND CASH EQUIVALENTS

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Cash on hand	0.04	0.02
Balances with bank:		
In current accounts	45.39	26.20
In deposit accounts (less than 3 months maturity)	275.00	50.00
	320.43	76.21
Other Bank Balance	10.00	-
Total	330.43	76.22

Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016 (in ₹)	500	3,721	4,221
(+) Permitted receipts (in ₹)	-	-	-
(-) Permitted payments (in ₹)	-	-	-
(-) Amount deposited in Banks (in ₹)	500	-	500
Closing cash in hand as on 30.12.2016 (in ₹)	-	3,721	3,721

NOTES

to the Financial Statements

2.12 SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Advances recoverable in cash or in kind or for value to be received	131.72	44.51
Prepaid expenses	9.25	9.44
Total	140.97	53.95

2.13 OTHER CURRENT ASSETS

(Unsecured, considered good)

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due	0.08	0.01
Total	0.08	0.01

2.14 REVENUE FROM OPERATIONS

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Business service centre income	2,428.02	2,235.32
Total	2,428.02	2,235.32

2.15 OTHER INCOME

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend on current investments	4.32	20.05
Interest income	551.47	12.75
Profit on Redemption of Mutual fund	11.34	-
Miscellaneous income	5.21	-
Total	572.34	32.80

2.16 EMPLOYEE BENEFITS EXPENSE

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, bonus and allowances	71.06	66.56
Contribution to provident fund and other funds	2.70	2.49
Gratuity	1.43	1.06
Staff welfare	0.61	0.58
Total	75.80	70.69

2.17 FINANCE COSTS

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on borrowings	1,508.98	850.83
Total	1,508.98	850.83

NOTES

to the Financial Statements

2.18 OTHER EXPENSES

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Group support service charges	180.00	180.00
Rates and taxes	120.64	31.07
Insurance	3.26	3.15
Auditors' remuneration (Refer note 2.20)	2.83	2.88
Repairs & maintenance – Others	53.70	43.10
Legal & professional fees	10.48	6.90
Travelling and conveyance expenses	0.55	0.57
Printing & stationery	1.22	1.11
Electricity expenses	16.28	16.64
Man power expenses	103.89	96.52
Communication expenses	3.35	3.81
Directors' sitting fees	3.40	3.00
Miscellaneous expenses	8.20	7.04
Total	507.80	395.79

2.19 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for Assessment year 2013-14 and 2014-15 disputed in appeal is ₹ 410.41 lakh (previous year ₹ 36.23 lakh)

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ Nil/- (previous year ₹ 3,459.84 lakh).

2.20 Auditors remuneration *

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
As auditors	1.00	0.60
Other matters (certification work, limited review, tax audit)	1.83	2.28
	2.83	2.88

*Above fees is exclusive of service tax of ₹ 0.42 lakh (previous year ₹ 0.41 lakh)

2.21 Earnings per share (EPS)

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit/(loss) after tax	76.82	133.91
Weighted average number of equity shares outstanding during the year for calculating basic earnings per shares (Nos.)	30,00,000	30,00,000
Basic earnings per share (in ₹)	2.56	4.46
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per shares (Nos.)	30,00,000	30,00,000
Diluted earnings per share (in ₹)	2.56	4.46

NOTES

to the Financial Statements

2.22 Employee benefits

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of the defined benefit obligation at the year end	5.56	4.13
Fair value of plan assets	-	-
Net liability	5.56	4.13
Net liability is bifurcated as follows:		
Current	0.32	0.23
Non-Current	5.24	3.90

(₹ in Lakh)

Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	0.65	0.56
Interest on defined benefit obligations	0.37	0.28
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	0.41	0.22
Past service cost	-	-
Net gratuity cost	1.43	1.06

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligation	4.13	3.07
Current service cost	0.65	0.56
Interest cost	0.37	0.28
Actuarial (gain)/loss	0.41	0.22
Past service cost	-	-
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	-	-
Benefits paid	-	-
Closing defined benefit obligation	5.56	4.13

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
Closing fair value of the plan assets	-	-

NOTES

to the Financial Statements

	(₹ in Lakh)	
Investment details of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment	-	-
Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2017	For the year ended March 31, 2016
Discount rate	7.20%	7.95%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

- The estimates of future salary increases, takes into account inflation, seniority, promotion and other relevant factors in the employment market.
 - The above information is certified by the actuary.
- b) Compensated absences**
As per the Company's policy, a provision of ₹1.31 lakh (previous year ₹1.40 lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.
- B. Defined contribution plans**
Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 2.70 lakh (previous year ₹ 2.49 lakh).

2.23 Leases

Business Service Centre income in respect of operating leases is recognised as an income in the statement of profit and loss.

Operating Lease (for assets given on lease)

The Company has given premises under operating lease agreements. Details of Business Service Centre income as under:

	(₹ in Lakh)	
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum business service centre receipts :		
Not Later than one year	2,445.54	2,235.32
Later than one year but not later than five years	9,782.15	6,705.96
Later than five years	-	-
Total	12,227.69	8,941.28
Business service centre receipts for the year recognised in statement of profit and loss	2,428.02	2,235.32

- 2.24** Rates and taxes include an amount of ₹ 24.89 lakh (previous year ₹14.47 lakh) in relation to Common Area Maintenance (CAM) representing the share of expenses borne to the extent of area occupied by the Company. During the year, the Company has made a provision for ₹ 177.81 lakh (previous year ₹ 234.67 lakh) towards CAM to Sheth Developers Private Limited and has recovered ₹ 152.92 lakh (previous year ₹ 220.19 lakh) from group companies to the extent of area occupied by them.

Other than above, the Company has also recovered certain common expenses on the basis of area occupied/head count from the group companies aggregating to ₹1,019.39 lakh (previous year ₹ 222.89 lakh)

2.25 Segment Reporting

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

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

NOTES

to the Financial Statements

2.27 Disclosure in respect of Related Parties pursuant to accounting standard 18**(A) List of Related Parties:****(a) Holding Company**

JM Financial Limited

(b) Fellow Subsidiaries

JM Financial Institutional Securities Limited

JM Financial Investment Managers Limited

JM Financial Products Limited

JM Financial Services Limited

JM Financial Asset Management Limited

JM Financial Credit Solutions Limited

JM Financial Asset Reconstruction Company Limited

JM Financial Capital Limited

Infinite India Investment Management Limited

CR Retail Malls (India) Limited

(c) Individual exercising control or significant influence

Mr. Nimesh Kampani

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

JM Financial Trustee Company Private Limited

Related Party Disclosures:

Name of the related party	Nature of relationship	Description of the transaction	Amount (₹ in Lakh)			
			Amount for the year 2016-17	Amount for the year 2015-16		
JM Financial Limited	Holding Company	Business Service Centre charges received	95.05	95.05		
		Expenses recovered	46.91	19.93		
		Group Support fees paid	180.00	180.00		
		ICD received	32,820.00	500.00		
		ICD Paid	33,000.00	7,500.00		
		Interest paid	282.38	480.41		
		ICD Payable	320.00	500.00		
JM Financial Institutional Securities Limited	Fellow Subsidiary	Outstanding Property Deposit	63.38	63.38		
		Business Service Centre charges received	888.88	888.88		
		Expenses recovered	491.69	191.61		
		Expenses reimbursed	0.29	0.32		
		ICD received	5,000.00	5,000.00		
		ICD Repaid	7,825.00	1,000.00		
		Interest paid	337.84	196.21		
JM Financial Investment Managers Limited	Fellow Subsidiary	ICD Payable	2,175.00	5,000.00		
		Outstanding Property Deposit	1,124.19	1,124.19		
		Business Service Centre charges received	57.30	57.30		
		Expenses recovered	29.70	12.87		
		Outstanding Property Deposit	76.93	76.93		
		JM Financial Products Limited	Fellow Subsidiary	Business Service Centre charges received	560.32	367.62
				Expenses recovered	207.97	62.02
ICD received	13,955.00			-		
ICD repaid	9,155.00			-		
Interest expenses	181.45			-		
ICD Payable	4,800.00			-		
		Security Deposits received	282.25	-		

NOTES

to the Financial Statements

Name of the related party	Nature of relationship	Description of the transaction	(₹ in Lakh)	
			Amount for the year 2016-17	Amount for the year 2015-16
		Outstanding Property Deposit	799.60	517.35
JM Financial Services Limited	Fellow Subsidiary	Business Service Centre charges received	446.60	446.60
		Expenses recovered	217.67	73.17
		Outstanding Property Deposit	599.05	599.05
JM Financial Asset Management Limited	Fellow Subsidiary	ICD received	-	1,500.00
		Interest expenses	146.25	51.69
		ICD Payable	1,500.00	1,500.00
Infinite India Investment Management Limited	Fellow Subsidiary	Business Service Centre charges received	50.35	50.35
		Expenses recovered	27.18	11.32
		Outstanding Property Deposit	67.61	67.61
JM Financial Credit Solutions Limited	Fellow Subsidiary	Business Service Centre charges received	124.86	124.86
		Expenses recovered	39.61	27.15
		Outstanding Property Deposit	143.01	143.01
JM Financial Asset Reconstruction Company Limited	Fellow Subsidiary	Business Service Centre charges received	204.65	204.65
		Expenses recovered	111.58	45.02
		Outstanding Property Deposit	274.77	274.77
JM Financial Capital Limited	Fellow Subsidiary	ICD received	2,800.00	-
		ICD repaid	2,800.00	-
		Interest expenses	6.08	-
CR Retail Malls (India) Limited	Fellow Subsidiary	ICD received	2,300.00	-
		Interest expenses	222.32	-
		ICD Payable	2,300.00	-
JM Financial Trustee Company Private Limited	Enterprises over which person described above in Clause A (c) exercise significant influence	ICD received	-	500.00
		Interest expenses	153.75	122.52
		ICD Payable	1,500.00	1,500.00

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

As per our attached report of even date

For and behalf of

For Arun Arora & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Arun Arora

Proprietor

Membership No. A-12018

Madhu Dubhashi

Director

S R Nayak

Director

P K Choksi

Company Secretary

Rajesh Shah

Chief Financial Officer

Place: Mumbai

Date: April 18, 2017

Place: Mumbai

Date: April 18, 2017



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