JM Financial Securities, Inc.
Annual Report 2024-25

JM FINANCIAL

POWERED BY PURPOSE

Corporate Information

DIRECTOR	: Mr. Ankur Jhaveri (Appointment Date – 05-Feb-2025)
CEO	: Mr. Arunava Das (Appointment Date – 16-Nov-2018)
REGISTERED OFFICE	: Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808, USA
AUDITOR	: **KNAV CPA LLP**, 1177 Avenue of Americas, 5th Floor, New York, New York 10036, USA
BANKERS	: **State Bank of India**, 460, Park Avenue, II Floor, New York, New York 10022, USA

Report of Independent Registered Public Accounting Firm

To the Management and Board of Directors JM Financial securities, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of financial condition of JM Financial Securities, Inc. (hereinafter referred to as "the Company") as of March 31, 2025, the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Auditor's Report on Supplemental Information

The supplemental information, the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission and the Computation for Determination of Reserve Requirements and Information relating to Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission, has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. § 240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole. We have served as the Company's auditor since 2021.

KNAV P.A.
Certified Public Accountants

New York, New York
May 8, 2025

Statement of Financial Condition

As of 31 March, 2025

(Amount in $)

	Particulars	2025	2024
I	**Assets**		
	Cash	1,389,719	1,191,200
	Accounts receivable	1,000	4,707
	Prepaid expenses and other assets	35,327	33,619
	Related party receivable	411,780	345,136
	Deferred tax assets	56,448	75,062
	Fixed assets, net of accumulated depreciation of $5,277	1,823	–
	Total Assets	**1,896,097**	**1,649,724**
	Liabilities and Stockholder's Equity		
II	**Liabilities**		
	Accrued expenses and other liabilities	433,827	281,549
	Related party payable	11,828	4,700
	Total liabilities	**445,655**	**286,249**
	Stockholder's Equity		
	Common stock, $0.01 par value, authorized, issued and outstanding, 16,500 shares	165	165
	Additional paid-in capital	1,649,835	1,649,835
	Accumulated deficit	(199,558)	(286,525)
	Total stockholder's equity	**1,450,442**	**1,363,475**
	Total liabilities and stockholder's equity	**1,896,097**	**1,649,724**

See accompanying notes to the Financial Statements.

Statement of Operations

For the Year Ended March 31, 2025

(Amount in $)

	Particulars	2025	2024
I	**Revenues**		
	Service income	1,346,017	1,115,411
	Research fee income	88,626	102,386
	Advisory fee income	97,499	–
	Total revenues	**1,532,142**	**1,217,797**
II	**Expenses**		
	Professional fees	162,704	164,105
	Compensation and benefits	955,698	674,841
	Research and advisory fees	186,125	102,386
	General and administrative	78,772	71,472
	Rent and occupancy	29,305	29,117
	Licenses and registration	7,837	6,244
	Depreciation	491	–
	Total expenses	**1,420,932**	**1,048,165**
III	**Profit / (Loss)Before Tax (I - II)**	111,210	169,632
IV.	**Less: Tax expense**	24,243	95,033
V.	**Profit / (Loss) after Tax**	**86,967**	**74,599**

See accompanying notes to the Financial Statements.

Statement of Cash Flows

For the Year Ended March 31, 2025

(Amount in $)

Particulars	2025	2024
Net income	86,967	74,599
Adjustments to reconcile net income to net cash used for operating activities		
Depreciation	491	–
Changes in operating assets and liabilities:		
Deferred tax assets	18,614	(75,062)
Accounts receivable	3,707	(1,652)
Prepaid expenses and other assets	(1,708)	(3,013)
Related party receivable	(66,644)	(276,586)
Accrued expenses and other liabilities	152,278	142,413
Related party payable	7,128	(3,556)
Net cash used for operating activities	**200,833**	**(142,857)**
Cash flows from investing activities		
Purchase of fixed assets	(2,314)	–
Net cash used for investing activities	**(2,314)**	**–**
Net Increase/(decrease) in cash	198,519	(142,857)
Cash at beginning of year	1,191,200	1,334,057
Cash at end of year	1,389,719	1,191,200
Supplemental disclosures of cash flow information Cash paid for taxes	**12,033**	**1,500**

See accompanying notes to the Financial Statements.

Statement of Changes in Stockholder's Equity

For the Year Ended March 31, 2025

(Amount in $)

Particulars	Common stock at par	Additional paid-in capital	Accumulated deficit	Total stockholder's equity
Balance - April 1, 2024	165	1,649,835	(286,525)	1,363,475
Net income	–	–	86,967	86,967
Balance - March 31, 2025	**165**	**1,649,835**	**(199,558)**	**1,450,442**

(Amount in $)

Particulars	Common stock at par	Additional paid-in capital	Accumulated deficit	Total stockholder's equity
Balance - April 1, 2023	165	1,649,835	(361,124)	1,288,876
Net income	–	–	74,599	74,599
Balance - March 31, 2024	**165**	**1,649,835**	**(286,525)**	**1,363,475**

See accompanying notes to the Financial Statements.

Notes to the Financial Statements

March 31, 2025

1. Organization

JM Financial Securities, Inc. (the "Company"), incorporated in the State of Delaware on June 19, 2012, is a wholly owned subsidiary of JM Financial Overseas Holdings, Pvt. Ltd. (the "Parent") and is an indirect wholly owned subsidiary of JM Financial Limited (the "Ultimate Parent"). Beginning June 15, 2015, the Company is registered with the U.S. Securities and Exchange Commission ("SEC") as a broker dealer and is a member of the Financial Industry Regulatory Authority ("FINRA").

The Company began business operations on February 1, 2016 and its operations consist of marketing and distribution of research reports of companies primarily headquartered in India and Southeast Asia. The customers introduced by the Company transact their business on delivery versus payment basis with settlement of transactions facilitated by an affiliate in India, JM Financial Institutional Securities Limited ("JMFISL") for securities traded in Indian stock markets.

2. Significant Accounting Policies

Basis of Presentation and Use of Estimates

These financial statements are presented in U.S. dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America. ("U.S. GAAP"). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at 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.

Cash

Cash consists of deposits with banks. The Company's cash balance is held with a large global financial institution. The Company, may during the ordinary course of business maintain account balances in excess of federally insured limits. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash.

Revenue recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers in which the entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company uses a five step model to (a) identify the contract(s) with customers, (b) identify the performance obligations in the contract(s), (c) determine the transaction price, (d) allocate the transaction price to the performance obligations in the contracts, and (e) recognize revenue when (or as) the entity satisfies a performance obligation. In determining, the transaction price, an entity may include variable consideration only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized would not occur under the uncertainty associated with the variable consideration is resolved. Revenue from contracts with customers includes research services, advisory fee and service income. Disaggregation of revenue can be found on the statement of operations for the year ended March 31, 2025 by revenue stream.

Fair value of financial Instruments

Substantially all of the Company's assets and liabilities are carried at fair value or contracted amounts which approximate fair value.

Fair value measurement – definition and hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions other market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3 of the fair value hierarchy.

The Company considers prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or Level 2 to Level 3. In addition, a downturn in market conditions could lead to declines in the valuation of many instruments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fixed assets

Fixed assets are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Each individual asset costing $500 or less is expensed as incurred, and is included under depreciation caption in the statement of operations.

Income taxes

The Company follows an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed on the difference between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized. The determination of the Company’s provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company’s financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the financial statements as appropriate. Accrued interest and penalties related to income tax matters are classified as a component of income tax expense. No interest expense or penalties have been recognized as of and for the year ended March 31, 2025. The Company files federal and New York state income tax returns. After September 15, 2023, the Company’s office is shifted to New York City. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, state and local tax laws.

Allowance for credit losses

The Company follows ASC Topic 326, Financial Instruments – Credit Losses (“ASC 326”). ASC 326 impacts the impairment model for certain financial assets by requiring a current expected credit loss (“CECL”) methodology to estimate expected credit losses over the entire life of the financial asset.

An allowance for credit losses may be based on the Company’s expectation of the collectability of its receivables utilizing the CECL framework. The Company considers factors such as historical experience, credit quality, age of balances and current and future economic conditions that may affect the Company’s expectation of

Notes to the Financial Statements (Contd.)

March 31, 2025

the collectability in determining the allowance for credit losses. The Company has assessed the impact of CECL on the above assets on its statement of financial condition and concluded that there are de minimis expected credit losses base on the nature and contractual life or expected life of the financial assets and immaterial historic losses.

Recent Accounting Pronouncement

The Company adopted Financial Accounting Standards Board ("FASB") ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures on January 1, 2024, which introduced new disclosure requirements pertaining to the reportable segments of an entity, such as the Company. These disclosure requirements are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Refer Note 8 for details.

3. Related party transactions

The activities of the Company include significant transactions with affiliates and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had operated as an unaffiliated business. The Company earned service income in accordance with its service agreement (the "service agreement") entered into with JMFISL on September 27, 2016, which may be amended from time to time. As per the services agreement, the Company distributes research reports on foreign companies prepared by or on behalf of JMFISL and in accordance with all suitability and Governmental requirements. The service agreement calls for JMFISL to pay the Company a fee equivalent to all normal recurring expenses plus a mark up of 9%. For the year ended March 31, 2025, the Company recognized $1,346,017 as income from the service agreement and has related party receivables of $411,780 at March 31, 2025. The Company has related party expenses of $186,125 and associated related party payable balance of $11,828 pertaining to the service fee agreement with JMFISL. More than 90% of total revenue earned for the year ended March 31, 2025 consists of revenue generated from the related party. A loss of revenue earned from the related party would have a significant impact on the Company's operations.

4. Lease commitments and contingencies

Lease commitments

The Company has lease for its office facility in New York City that ends in February 2026. The lease agreement is subject to escalations for increase in taxes and other operating costs. The terms contained in the lease are such that the lease does not meet the definition of a lease under ASC 842, Accounting for Leases. As such, the Company has not recorded a right-of-use asset or corresponding lease liability. Total rental expense for the year ended March 31, 2025 was $29,305 and is included in rent and occupancy in the statement of operations.

	Amount in $
Year ending March 31, 2026	27,797
	27,797

Contingencies

The Company is subject to various regulatory examinations that arise in the ordinary course of business. In the opinion of management, results from these examinations will not materially affect the Company's financial position or results of operations. As of March 31, 2025, there is no pending litigation against the Company.

5. Off-balance sheet risk and concentration of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash. The Company maintains its cash in bank deposit accounts that, at times, may exceed Federal Deposit Insurance Corporation coverage of $250,000. Company's management performs periodic reviews of the relative credit rating of its banks to lower its risk. The Company has not experienced any such losses in such accounts and believes it is not exposed to any significant credit risk. The cash balances in excess of FDIC limit were $1,139,719 as of March 31, 2025.

A majority of the Company's operations are conducted through an affiliate company located in India. The Company's performance can be significantly influenced by economic factors and risks inherent in conducting business in foreign countries, including government regulations, currency restrictions and other factors that may significantly affect management's estimates and the Company's performance.

6. Income taxes

Deferred tax assets as of March 31, 2025 consist of the following:

Deferred tax assets	Amount in $
Accruals	23,625
Organizational costs	27,467
Net operating loss carry forwards	5,356
Deferred tax assets	**56,448**
Net deferred tax assets	**56,448**

Based upon the Company's review of its federal, state, and local income tax returns and tax filing positions, the Company determined no unrecognized tax benefits for uncertain tax positions were required to be recorded, as such, there were no reserves recorded for uncertain tax positions for the Company's open tax years (2021 - 2023). In addition, the Company does not believe that it has any tax positions for which it is reasonably possible that it will be required to record significant amounts of unrecognized tax benefits within the next twelve months.

7. Net capital requirements

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital, as defined, equal to the greater of $250,000 or 6 2/3% of aggregate indebtedness, as defined. At March 31, 2025, the Company had net capital of $944,064 which was $694,064 above the minimum amount required.

Rule 15c3-3 under the Securities and Exchange Act of 1934 ("SEC Rule 15c3-3") specifies certain conditions under which brokers and dealers carrying customer accounts are required to maintain cash or qualified securities in a special reserve bank account for the exclusive benefit of customers. Had it maintained such an account there would have been no transactions recorded. The Company does not clear or otherwise hold funds or securities for, or owe money to customers and therefore is exempt from the provisions of Rule 15c3-3 pursuant to paragraph (k)(2)(i).

8. Segment Reporting

The Company is engaged in a single line of business as a securities broker-dealer, which is comprised of several classes of services, including chaperoning of affiliates, research distribution. The Company has identified its CEO as the chief operating decision maker ("CODM") who uses net income to evaluate the results of the business, predominantly in the forecasting process, to manage the Company. Additionally, the CODM uses excess net capital (see Note 7), which is not a measure of profit and loss, to make operational decisions while maintaining capital adequacy, such as whether to reinvest profits or make distributions. The Company's operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The accounting policies used to measure profit and loss of the segment are the same as those described in the summary of significant accounting policies.

9. Subsequent events

The Company evaluates subsequent events through the date of issuance of the report, and has determined no additional items require disclosure.

JM FINANCIAL

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