



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
**JKB Financial Services Limited**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **JKB Financial Services Limited** ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### FIRM'S BRANCHES:

##### METROS:

New Delhi | Mumbai | Chennai  
Kolkata | Bengaluru | Hyderabad

##### STATE CAPITALS:

Ahmedabad | Bhopal | Bhubaneswar | Chandigarh  
Dehradun | Guwahati | Jaipur | Lucknow | Patna  
Raipur | Srinagar (J&K) | Trivandrum

##### OTHERS:

Coimbatore | Gurugram | Hisar | Indore |  
Jalandhar | Kochi | Kozhikode | Palakkad | Pune  
Saharanpur | Surat

*Abhijit Mohan*



### **Information Other than the Financial Statements and Auditor's Report thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises of the Director's Report, which we obtained on the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If based on the work we have performed, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

*Abhijit Mohan*





includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other


matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended; in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provision of section 197 of the Act.
  - (h) 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 has only one case which is pending in the courts. The case pertains to the outstanding rent of Corporate Office of JKB Financial Services, when the office was situated in Dal Gate, Boulevard, Srinagar. After the floods in the valley in the year 2014 the premises of Corporate Office was completely flooded and the company was forced to evacuate and move




to its Branch premises at Karan Nagar. The company had some outstanding rent at the time which was pending due to a dispute in the joint owners of the property. On the directions of the Estates department of J&K Bank 50% of the outstanding amount was released to one of the joint owners. Subsequently, the other joint owner proceeded to court against the coparcener for fraudulent appropriation of funds and the matter has been sub judice ever since. The company has provided fully for the liability and only the payment to the landlord is pending. There is no impact of the contingent liability on the profit of the company except for the punitive damages, if any, imposed by the Hon'ble court. The matter has been referred to the Legal Department of the J&K Bank for further action.

- 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.
3. As required by Section 143(5) of the Act, we have considered the direction and sub-directions issued by the Comptroller & Auditor General of India. We give our report in the attached "Annexure C".

For M/s A J MOHAN & ASSOCIATES  
Chartered Accountants  
Firm Registration No: 002468N





(CA ABHIJIT MOHAN)  
Partner  
Membership No: 540233  
UDIN: - 21540233AAAAIH6333  
Place: Srinagar  
Date: 29<sup>th</sup> April, 2021

## Annexure A

The Annexure referred to in paragraph I under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of **JKB Financial Services Limited** on the financial statements as of and for the year ended 31 March, 2021

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of the available information.  
  
b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified on an annual basis, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and 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 / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the freehold immovable properties (which are included under the head 'fixed assets' (comprising of property, plant and equipment and other intangible assets) are held in the name of the Company.
- ii) No Inventory is held by the company as on 31<sup>st</sup> March 2021, hence paragraph 3(ii) of the order is not applicable.
- iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, the Company has not entered into any transaction covered under Section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and had no unclaimed deposits at the beginning of the year within the meaning of Sections 73 to 76 of the Act and the Companies Rules, 2014. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's products or services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.



- vii) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable. The operations of the Company during the year does not give rise to liability of sales tax, duty of excise, service tax and value added tax.
- viii) According to the information and explanations given to us, there are no dues outstanding of more than 6 months as on 31<sup>st</sup> March 2021 in respect of statutory liabilities on account of any dispute.
- ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks and no dues payable to debenture-holders as at 31 March, 2021.
- x) In our opinion and according to the information and explanations given to us, the Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- xiv) During the year, the company has not made preferential allotment of equity shares. Accordingly, provisions of clause 3 (xiv) of the order are not applicable to the Company.
- xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause 3 (xv) of the order are not applicable.





xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3 (xvi) of the order are not applicable.

For M/s A J MOHAN & ASSOCIATES

Chartered Accountants

Firm Registration No: 002468N



(CA ABHIJIT MOHAN)

Partner

Membership No: 540233

UDIN: - 21540233AAAAIH6333

Place: Srinagar

Date: 29<sup>th</sup> April, 2021





## **Annexure B**

The Annexure referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of the company on the financial statements as of and for the year ended 31 March 2021.

### **Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls with reference to financial statements of JKB Financial Services Limited as of 31<sup>st</sup> March, 2021 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 internal control with reference to financial statement 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 (ICAI). 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 the company's 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statement.

### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements 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, the Company has, in all material respects, adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2021, 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 M/s **A J MOHAN & ASSOCIATES**

Chartered Accountants

Firm Registration No: 002468N





(CA ABHIJIT MOHAN)

Partner

Membership No: 540233

UDIN: - 21540233AAAAIH6333

Place: Srinagar

Date: 29<sup>th</sup> April, 2021

### ANNEXURE-C

Based on the verification of books of accounts of the company and according to information and explanation given to us, report is given below on the Direction issued by the Comptroller and Auditor General of India in terms of Section 143 (5) of the Act:

S.No.	Directions	Reply
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	<p>During the course of our audit, we have observed that all accounting transactions have been routed through the back office system. Financial statements are drafted basis the data extracted from the above mentioned back office system.</p> <p>No such transactions have been observed which have an impact on the integrity of the accounts along with financial implications processed outside IT system.</p>
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.  Whether such cases are properly accounted for?	On the scrutiny of the books and explanations given by the company, we have not noticed any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest.
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions?	According to information and explanations given to us and based on our audit, the Company has not received any funds from Central/State Government or its agencies during the F.Y. 2020-21





Sector specific Sub-directions under section 143(5) of the Companies Act, 2013

S. No.	Directions	Reply
1.	<p>Whether the company has complied with the directions issued by Reserve Bank of India for</p> <ul style="list-style-type: none"> <li>• Non- Banking Finance Companies (NBFC's)</li> <li>• Classification of non-performing assets; and</li> <li>• Capital adequacy norms for NBFCs.</li> </ul>	Not Applicable
2.	<p>Whether the company has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on mortgage assets. Further instances of undue delay in disposal of seized units may be reported.</p>	<p>During the course of audit, we have noticed that the company has not given any loan during the F.Y.2020-21.</p>
3.	<p>Whether the introduction of any scheme for settlement of dues and extension thereto complied with policy/ guidelines of the Company/ Government</p>	<p>According to the information and explanation given to us and based on the audit conducted by us, the Company has not introduced any scheme of the Central Government for settlement of dues and extension of thereto.</p>
4.	<p>Comment on the confirmation of balance of trade receivable, trade payables, term deposits, bank accounts and cash obtained.</p>	<p>As explained to us, due to COVID-19 restrictions and shutdowns, balance confirmation for all bank accounts was not possible and hence we obtained bank statements and Fixed Deposits certificates including interest</p>



		certificates for period ended 31 <sup>st</sup> March, 2021 to form a part of our audit evidence and to take reliance on the figures so reported in the financial statements. However, balance of trade receivables consists of DEMAT account charges of very large number of customers with the amount of each individual customer being very small and hence, it is not possible to get balance confirmation from each small customer.
5.	Whether the Bank Guarantees have been revalidated in time?	No bank guarantee is taken by the company.
6.	Examine the system of effective utilization of Loans/ Grant-in-Aid/ Subsidy. List the cases of diversion of fund.	There is no such case of Loans/ Grant-in-Aid/ Subsidy.
7.	Examine the cost benefit analysis of the major capital expenditure/ expansion including IRR and payback period.	According to the information and explanation given to us and upon examination of books of accounts, there was no major capital expenditure/expansion that was identified.
8.	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in the electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc. have been computerized and the company has evolved	As per explanations given to us, almost all the areas has computerized by the company such as accounting, payroll and the company has evolved proper security policy for data/software/ hardware.





proper security policy for data/ software/ hardware.	
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For **M/s A J MOHAN & ASSOCIATES**

Chartered Accountants

Firm Registration No: 002468N

*Abhijit Mohan*

(CA ABHIJIT MOHAN)

Partner

Membership No: 540233

UDIN: - 21540233AAAAIH6333

Place: Srinagar

Date: 29<sup>th</sup> April, 2021



# JKB FINANCIAL SERVICES LIMITED


Main Road, Jawahar Nagar, Srinagar.  
BALANCE SHEET AS AT 31ST MARCH, 2021.


Particulars	Note	Figures as on 31.03.2021	Figures as on 31.03.2020
		Amount (₹)	Amount (₹)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	20,00,00,000.00	20,00,00,000.00
(b) Reserves and Surplus	2	(3,19,25,156.62)	(5,86,38,834.72)
<b>(2) Share Application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Non Current liabilities	3	4,11,755.34	3,74,383.27
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings		-	-
(b) Other Current Liabilities	4	18,07,44,250.85	9,14,10,840.94
(c) Short-Term Provisions	5	51,66,236.00	3,15,000.00
<b>Total Equity &amp; Liabilities</b>		<b>35,43,97,085.57</b>	<b>23,34,61,389.49</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
<b>1. Tangible Assets</b>			
(i) Gross Block		1,62,68,767.80	1,62,56,707.07
(ii) Depreciation		1,30,61,771.06	1,25,30,825.70
(iii) Net Block		32,06,996.74	37,25,881.37
<b>2. In- Tangible Assets</b>			
(i) Gross Block		65,89,576.56	61,89,576.56
(ii) Depreciation		55,15,791.29	37,21,867.66
(iii) Net Block		10,73,785.27	24,67,708.90
(b) Non-current Investments		-	-
(c) Deferred tax assets (net)	7	1,18,70,370.58	2,73,61,594.20
(d) Long term loans and advances (Security Deposits)	8	2,32,13,711.00	3,59,46,850.00
<b>(2) Current Assets</b>			
(a) Trade Receivables	9	75,93,794.27	63,36,673.15
(b) Inventories		-	-
(c) Cash and cash equivalents	10	19,96,33,298.20	12,17,52,949.26
(d) Short-term loans and advances		-	-
(e) Other current assets	11	10,78,05,129.50	3,58,69,732.61
<b>Total Assets</b>		<b>35,43,97,085.56</b>	<b>23,34,61,389.49</b>

**NOTES TO ACCOUNTS AND ACCOUNTING POLICIES**

Notes referred to above and attached there to form an integral part of Balance Sheet

17

  
R. K. Chhibber  
Chairman

  
Sunil Gupta  
Director

  
Mohammad Muzaffar Wani  
Managing Director


  
Pankaj Gour  
Chief Financial Officer

  
Zaffar Hamed  
Company Secretary

Place: Srinagar  
Date: 29/04/2021

This is the Balance Sheet referred to in our Report of even date.

**FOR A. J. MOHAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 002468N

  
CA. Abhijit Mohan  
Membership No. : 540233  
Place: Srinagar  
Date: 29/04/2021





# JKB FINANCIAL SERVICES LIMITED

Main Road, Jawahar Nagar, Srinagar.

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2021.

S. No.	Particulars	Note	Figures for Period	Figures for Period
			Ended Mar. 2021	Ended Mar. 2020
			Amount (₹)	Amount (₹)
I	Revenue from Operations	12	9,37,44,113.45	4,38,86,931.39
II	Other Income	13	46,84,541.42	43,47,889.87
III	<b>Total Revenue (I + II)</b>		<b>9,84,28,654.87</b>	<b>4,82,34,821.26</b>
IV	<b>Expenses:</b>			
	Employee Benefit Expense	14	3,04,53,620.67	4,58,41,245.00
	Financial Costs		3,10,747.00	1,00,278.00
	Depreciation and Amortization Expense & Written offs	15	34,98,661.33	27,00,458.06
	Other Administrative Expenses	16	2,19,60,724.15	2,16,39,316.41
	<b>Total Expenses (IV)</b>		<b>5,62,23,753.15</b>	<b>7,02,81,297.47</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>4,22,04,901.72</b>	<b>(2,20,46,476.21)</b>
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		<b>4,22,04,901.72</b>	<b>(2,20,46,476.21)</b>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<b>4,22,04,901.72</b>	<b>(2,20,46,476.21)</b>
X	<b>Tax expense:</b>			
	(1) Current tax		47,76,861.00	-
	(2) MAT Credit Entitlement		(47,76,861.00)	-
	(3) Deferred tax (Net)		1,54,91,223.62	(68,12,361.15)
XI	Profit(Loss) from the period from continuing operations	(IX - X)	<b>2,67,13,678.10</b>	<b>(1,52,34,115.06)</b>
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		<b>2,67,13,678.10</b>	<b>(1,52,34,115.06)</b>
XVI	Earning per equity share:			
	(1) Basic (Annualised)		1.34	(0.76)
	(2) Diluted (Annualised)		1.34	(0.76)

## NOTES TO ACCOUNTS AND ACCOUNTING POLICIES

17

Notes referred above and attached there to form an integral part of Profit & Loss Statement



R. K. Chhibber  
Chairman



Sunil Gupta  
Director



Mohammad Mizaffar Wani  
Managing Director



Pankaj Gour  
Chief Financial Officer



Zaffar Hamed  
Company Secretary

Place: Srinagar

Date: 29/04/2021

This is the Profit & Loss Statement referred to in our Report of even date.

FOR A. J. MOHAN & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.: 002468N



CA. Abhijit Mohan  
Membership No. : 540233  
Place: Srinagar  
Date: 29/04/2021




# JKB FINANCIAL SERVICES LIMITED


Main Road, Jawahar Nagar, Srinagar.

Cash Flow Statement for year ended 31st March 2021.

Particulars	Year Ended 31st March, 2021	Year Ended 31st March, 2020
	Amount (₹)	Amount (₹)
<b><u>Cash Flow Operating Activities</u></b>		
Net Profit After Tax	2,67,13,678.10	(1,52,34,115.06)
<b><u>Adjustments for</u></b>		
1) Depreciation	34,98,661.33	27,00,458.06
2) Preliminary Expenses	-	-
3) Other Income	(46,84,541.42)	(43,47,889.87)
Deferred Tax (Credited To P&L Account)	1,54,91,223.62	(68,12,361.15)
Operating Profit Before Working Capital Change	4,10,19,021.63	(2,36,93,908.02)
<b><u>Change in Working Capital</u></b>		
Trade & Other Receivables (Increase) / Decrease	(7,31,92,518.01)	(47,54,629.20)
Trade & Other Payables Increase / (Decrease)	9,42,22,017.97	4,25,53,695.92
Net Cash Generated from Operations (A)	6,20,48,521.59	1,41,05,158.69
<b><u>Cash Flow Investing Activities</u></b>		
(Increase) / Decrease In Fixed assets	(15,85,853.07)	(26,72,208.88)
Other Income	46,84,541.42	43,47,889.87
(Increase) / Decrease in Security Deposits	1,27,33,139.00	(1,89,99,300.00)
Net cash flow from investing activities (B)	1,58,31,827.35	(1,73,23,619.01)
<b><u>Cash Flow Financing Activities</u></b>		
Increase in Equity Share capital	-	-
Net Cash Flow Financing Activities (C)	-	-
<b>Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)</b>	<b>7,78,80,348.94</b>	<b>(32,18,460.32)</b>
Opening Cash & Cash Equivalents	12,17,52,949.26	12,49,71,409.58
Closing Cash & Cash Equivalents	19,96,33,298.20	12,17,52,949.26

  
R. K. Chhibber  
Chairman

  
Sunil Gupta  
Director

  
Mohammad Muzaffar Wani  
Managing Director

  
Pankaj Gour  
Chief Financial Officer

  
Zaffar Hamed  
Company Secretary

Place: Srinagar  
Date: 29/04/2021

This is the Cash Flow Statement referred to in our Report of even date.

FOR A. J. MOHAN & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 002468N

  
CA. Abhijit Mohan  
Membership No. : 540233



Place: Srinagar  
Date: 29/04/2021



# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021.

**Note 1: Share Capital**

(Amount in ₹)

S. No.	Particulars	Year Ended Mar.'21	Year Ended Mar.'20
1	<b>AUTHORIZED CAPITAL</b> 3,00,00,000 Equity Shares of Rs. 10/- each.	30,00,00,000.00	30,00,00,000.00
		30,00,00,000.00	30,00,00,000.00
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> 200,00,000 Equity Shares of Rs. 10/- each.	20,00,00,000.00	20,00,00,000.00
	<b>Total</b>	<b>20,00,00,000.00</b>	<b>20,00,00,000.00</b>

**Note 2: Reserve & Surplus**

S. No.	Particulars	Year Ended Mar.'21	Year Ended Mar.'20
1	Capital Reserve		-
2	Revaluation Reserve		-
3	Other Reserve		-
4	Surplus (Profit & Loss Account)	(5,86,38,834.72)	(4,34,04,719.66)
	Balance brought forward from previous year	(5,86,38,834.72)	(4,34,04,719.66)
	Less: Tax on Regular Assessment Paid	-	-
	Add: Profit for the period	2,67,13,678.10	(1,52,34,115.06)
	<b>Total</b>	<b>(3,19,25,156.62)</b>	<b>(5,86,38,834.72)</b>

**Note 3: Other Non Current Liabilities**

S. No.	Particulars	Year Ended Mar.'21	Year Ended Mar.'20
1	Client Deposits (NSDL)	3,19,597.95	2,99,561.96
2	Client Deposits (CDSL)	44,890.45	33,804.31
3	Retention Money	47,266.94	41,017.00
	<b>Total</b>	<b>4,11,755.34</b>	<b>3,74,383.27</b>

**Note 4: Other Current Liabilities**

S. No.	Particulars	Year Ended Mar.'21	Year Ended Mar.'20
1	J&K Bank (Holding Company)	47,87,694.55	2,11,54,180.00
2	Line of Credit Account (CC-995)	5,00,00,000.00	2,00,50,435.50
3	Secured Overdraft (	2,70,00,000.00	-
4	Client Control A/C	8,14,09,283.19	2,56,93,594.32
5	Sundry Creditors	76,29,298.09	78,79,825.33
6	Stamp Charges JK	25,413.26	6,46,363.15
7	Stamp Duty Payable	15,940.24	-
8	Securities Transaction Tax	3,59,782.87	1,10,201.61
9	TDS Payable	84,989.54	1,18,189.17
10	TDS on GST Payments	5,508.78	1,55,411.00
11	GST Payable	16,30,814.13	14,82,895.03
12	Education Cess Payable	0.01	0.01
13	Higher Education Cess Payable	-	-
14	Krishi Kalyan Cess Payable	-	-
15	Expenses Payable	45,86,963.63	49,34,904.59
16	Other Client Payable	45,394.88	62,530.43
17	Other Current Liabilities	29,742.20	2,52,321.91
18	Exchange Dues	29,76,726.76	87,28,538.23
19	SEBI TOT Charges	1,56,698.73	1,41,450.66
	<b>Total</b>	<b>18,07,44,250.85</b>	<b>9,14,10,840.94</b>

**Note 5: Short Term Provisions**

S. No.	Particulars	Year Ended Mar.'21	Year Ended Mar.'20
1	Audit Fee Payable	1,38,750.00	1,00,000.00
2	Provision for Tax Audit	2,50,625.00	2,15,000.00
3	Provision for Income Tax	47,76,861.00	-
	<b>Total</b>	<b>51,66,236.00</b>	<b>3,15,000.00</b>





# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2021.

**Note 6: Fixed Asset**

**I. Fixed Assets**

(Amount in ₹)

S. No.	Particulars	Gross Block				Depreciation				Net Block	
		Value at the beginning of the Year	Addition during the Year	Adjustment during the Year	Value as at End of the Year	Value at the beginning of the Year	Addition during the Year	Adjustment during the Year	Value as at End of the Year	WDV as on 31.03.2020	WDV as on 31.03.2021
<b>I</b>	<b>Tangible Assets</b>										
1.	Computers	95,76,023.17	4,10,068.19	3,24,903.60 *	96,61,187.76	75,43,990.12	11,40,441.44	1,03,165.24 *	85,81,266.32	20,32,033.05	10,79,921.44
2.	Furniture Fixture	26,45,402.44	10,18,954.32	2,78,995.83	33,85,360.93	21,95,168.29	3,08,726.38	2,14,473.41	22,89,421.26	4,50,234.15	10,95,939.67
3.	Library Books	17,029.14	-	-	17,029.14	8,945.85	4,849.97	-	13,795.82	8,083.29	3,233.32
4.	Mobile Phones	1,74,951.79	-	-	1,74,951.79	1,63,174.92	5,888.43	-	1,69,063.35	11,776.87	5,888.44
5.	Plant & Machinery	38,43,300.53	1,46,455.78	9,59,518.13	30,30,238.18	26,19,546.52	2,44,831.48	8,56,153.69	20,08,224.31	12,23,754.01	10,22,013.87
	<b>Sub-Total</b>	<b>1,62,56,707.07</b>	<b>15,75,478.29</b>	<b>15,63,417.56</b>	<b>1,62,68,767.80</b>	<b>1,25,30,825.70</b>	<b>17,04,737.70</b>	<b>11,73,792.34</b>	<b>1,30,61,771.06</b>	<b>37,25,881.37</b>	<b>32,06,996.74</b>
<b>II</b>	<b>Intangible Assets</b>										
1.	Software	61,89,576.56	4,00,000.00	-	65,89,576.56	37,21,867.66	17,93,923.63	-	55,15,791.29	24,67,708.90	10,73,785.27
	<b>Sub-Total</b>	<b>61,89,576.56</b>	<b>4,00,000.00</b>	<b>-</b>	<b>65,89,576.56</b>	<b>37,21,867.66</b>	<b>17,93,923.63</b>	<b>-</b>	<b>55,15,791.29</b>	<b>24,67,708.90</b>	<b>10,73,785.27</b>
	<b>Total</b>	<b>2,24,46,283.63</b>	<b>19,75,478.29</b>	<b>15,63,417.56</b>	<b>2,28,58,344.36</b>	<b>1,62,52,693.36</b>	<b>34,98,661.33</b>	<b>11,73,792.34</b>	<b>1,85,77,562.35</b>	<b>61,93,590.27</b>	<b>42,80,782.01</b>

\*Note: The adjustment as shown under the category "computers" in the Gross Block and Accumulated depreciation, represents the reduction in value on account of assets which were taken from the J&K Bank in the previous year which were transferred at original cost instead of Written Down Value (as per policy for inter-company transfer of assets between the group company). The discrepancy was noticed in the current year and resulting rectification was made in the current financial year only.



# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31ST MARCH, 2021.

## Note 7: Deferred Tax

(Amount in ₹)

S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
1	Deferred Tax Asset	1,21,37,329.12	2,76,28,552.74
2	Deferred Tax Liability	(2,66,958.54)	(2,66,958.54)
	<b>Deferred Tax Asset (NET)</b>	<b>1,18,70,370.58</b>	<b>2,73,61,594.20</b>

## Note 8: Long Term Loans and Advances

S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
	<b>Security Deposit &amp; Margin Deposits</b>		
	<u>Secured, Considered Good :</u>		
1	NSE	1,50,00,000.00	3,50,00,000.00
2	BSE	1,25,000.00	1,25,000.00
3	CDSL	5,00,000.00	5,00,000.00
4	NCCL	-	-
5	HCL COMNET	3,00,000.00	3,00,000.00
6	Additional Surveillance Deposit	-	-
7	Security Deposits-Others	11,850.00	21,850.00
8	Additional Base Capital	25,00,000.00	-
9	MAT Credit Entitlement	47,76,861.00	-
	<b>Total</b>	<b>2,32,13,711.00</b>	<b>3,59,46,850.00</b>

## Note 9: Trade Receivables

S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
1	Bills Receivable Demat (TO)	-	11,68,988.43
2	Demat Receivables		
	Outstanding for less than 6 months	32,16,528.89	26,31,955.61
	Outstanding for more than 6 months (Unsecured, considered Good)	43,77,265.38	25,35,729.11
	<b>Total</b>	<b>75,93,794.27</b>	<b>63,36,673.15</b>

## Note 10: Cash & Cash Equivalent

S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
	<b>Bank Balance</b>		
1	Current A/c (CA0042)	5,08,92,760.32	13,29,170.42
2	FSC Expenditure A/c	1,81,493.31	46,282.46
3	JKBFSL Mutual Fund Income A/c (CA0104)	0.52	86,753.59
4	JKB Recruitment Bank A/c	-	-
5	FSC Income A/c	69,310.34	47,357.55
6	HDFC BSE CM Settlement A/c (CA10249)	5,08,359.00	2,49,891.00
7	HDFC NSE CM Client A/c (CA123)	20,000.00	20,000.00
8	HDFC NSE F&O Client A/c (CA106)	20,000.00	20,000.00
9	HDFC NSE F&O Settlement A/c (CA5428)	18,86,575.05	54,83,525.02
10	HDFC BSE CM Client A/c (CA140)	10,000.00	10,000.00
11	HDFC NSE Business A/c (CA116)	0.60	70,528.00
12	HDFC BSE F&O Client A/c (CA133)	10,000.00	10,000.00
13	HDFC BSE F&O Settlement A/c (CA1726)	7,240.00	7,240.00
14	HDFC BSE MFSS Settlement A/c (CA11483)	19,886.00	19,886.00
15	HDFC NSE MFSS Settlement A/c (CA15937)	20,000.00	20,000.00





S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
16	HDFC NSE CM Settlement A/c (CA13873)	35,15,615.91	3,74,58,978.65
17	HDFC NSE Exchange Dues A/c (CA10337)	7,20,961.00	-
18	Head Office Income A/c (CA0092)	11,75,186.73	2,37,683.96
19	JKBFSL Client A/c (CA0102)	5,61,58,166.99	2,20,88,619.86
20	JK Bank Dividend A/C (CA27863)	6,979.24	53,843.44
21	JKBFSL MTF Account	(20.00)	-
22	E-Payment of Taxes A/c	35,783.19	1,18,189.31
23	Fixed Deposit with J&K Bank		
	(a) Unencumbered and Free	-	-
	(b) Held as security against SOD	3,00,00,000.00	-
24	Fixed Deposit with HDFC Bank		
	(a) Unencumbered and Free	-	-
	(b) Held as security against Exchanges	5,43,75,000.00	5,43,75,000.00
	<b>Total</b>	<b>19,96,33,298.20</b>	<b>12,17,52,949.26</b>

**Note 11: Other Current Assets**

S. No.	Particulars	Period Ended Mar.'21	Period Ended Mar.'20
1	Exchange Obligation Account	-	2,70,295.46
2	Interest Receivable	8,71,049.67	8,92,039.44
3	Additional Margin Deposit (BSE)	10,00,000.00	10,00,000.00
4	<u>Advance Income Tax/TDS</u>		
	a) On Commission	-	-
	b) On Interest on FDR's	3,00,208.60	3,94,335.21
	c) Advance Income Tax	33,38,400.00	-
5	Electronic Cash Ledger	15,60,458.75	11,194.00
6	Advance to Suppliers	4,39,314.09	5,59,314.09
7	Advance to Staff	3,27,413.00	1,31,000.00
8	Client Control A/C (Dr)	9,92,34,021.89	3,13,91,315.76
9	PDD Sgr.	14,000.00	14,000.00
10	Other Receivables	1,44,712.95	63,153.09
11	Prepaid Expenses/Advance (Others)	5,75,550.55	11,43,085.56
	<b>Total</b>	<b>10,78,05,129.50</b>	<b>3,58,69,732.61</b>





# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR  
ENDED 31ST MARCH, 2021.

## Note 12: Income from operations

(Amount in ₹)

S. No.	Particulars	Year	
		Ended Mar.'21	Ended Mar.'20
1	Brokerage Income A/C	7,05,75,675.70	3,25,03,113.52
2	Demat Income A/c	1,03,63,633.24	43,97,933.88
3	Other Depository Income A/c	2,57,857.81	1,49,129.00
4	DP Pool Charges A/c	2,30,310.26	84,991.29
5	Pay In Delay Charges A/c	1,06,57,913.03	59,60,627.33
6	Mutual Fund Commission	12,29,604.01	5,28,796.63
7	Profit on Sale / Disposal of Fixed Assets	4,29,119.40	2,62,339.74
8	Other Receipts	-	-
	<b>Total in Rs</b>	<b>9,37,44,113.45</b>	<b>4,38,86,931.39</b>

## Note 13: Other Income

S. No.	Particulars	Year	
		Ended Mar.'21	Ended Mar.'20
1	Interest Earned on FDR's	42,83,300.04	37,85,832.52
2	Other Receipts	4,01,241.38	5,62,057.35
	<b>Total in Rs</b>	<b>46,84,541.42</b>	<b>43,47,889.87</b>

## Note 14: Employment Benefit Expenses

S. No.	Particulars	Year	
		Ended Mar.'21	Ended Mar.'20
1	Salary A/C	2,35,02,582.74	2,47,33,065.00
2	Managerial Remuneration (MD) A/C	22,83,201.00	22,78,031.00
3	Salary (Staff on Deputation)	45,60,436.93	1,88,30,149.00
4	Bonus & Incentives	1,07,400.00	-
	<b>Total in Rs</b>	<b>3,04,53,620.67</b>	<b>4,58,41,245.00</b>

## Note 15: Depreciation & Amortized Cost

S. No.	Particulars	Year	
		Ended Mar.'21	Ended Mar.'20
1	Depreciation A/c	34,98,661.33	27,00,458.06
2	Preliminary Expenses W/O	-	-
	<b>Total</b>	<b>34,98,661.33</b>	<b>27,00,458.06</b>

## Note 16: Other Administrative Expenses

S. No.	Particulars	Year	
		Ended Mar.'21	Ended Mar.'20
1	Membership & Subscription Fee	15,54,754.49	17,28,534.45
2	Rent, Rates & Taxes	35,46,198.89	24,85,106.00
3	Communication & Connectivity Cost	31,28,944.38	41,32,987.93
4	Legal & Professional Charges	3,16,495.76	6,53,356.88
5	Bank Commission & Other Charges	79,158.56	26,128.74
6	Travelling & Conveyance Expenses	64,795.70	3,81,923.12
7	Power & Fuel	12,57,862.75	9,36,739.70
8	Directors Fees, Allowances and Expenses	60,000.00	30,000.00
9	Stationary & Printing	3,52,031.04	5,71,902.22
10	Payment to Auditors	6,73,000.00	4,33,000.00
11	Office Upkeep & Maintenance Expenses	6,59,668.90	4,45,770.50
12	Repairs & Maintenance	6,75,992.39	2,85,832.18
13	Other Administrative Expenses	18,06,109.38	25,33,033.37
14	Postage & Telephone	2,87,581.17	3,11,621.89
15	NSE/BSE Charges	2,86,655.56	2,85,552.30
16	Hospitality & Entertainment (incl. B/L)	4,73,326.76	6,19,209.38
17	Insurance	4,06,822.42	5,90,715.75
18	Training & Certification	24,000.00	2,28,500.00
19	Front / Back-Office Hosting Charges	63,07,326.00	49,59,402.00
	<b>Total</b>	<b>2,19,60,724.15</b>	<b>2,16,99,316.41</b>





NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

NOTE 17

I. SIGNIFICANT ACCOUNTING POLICIES

A. ACCOUNTING METHODOLOGY

The financial statements are prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and the guidelines issued by the Securities and Exchange Board of India to the extent applicable.

B. USE OF ESTIMATES

The preparation of financial statements in conformity with AS and GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized in the period in which the results get known/materialised.

C. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured following accrual basis and in compliance to the provisions of AS-9 issued by ICAI.

D. FIXED ASSETS

Fixed assets are stated at historical cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use, less accumulated depreciation.

E. DEPRECIATION

- a) Tangible Assets: - Depreciation is provided on Written Down Value (WDV) Method in the manner prescribed in the Schedule II of the Companies Act, 2013 and for calculating the rates of depreciation useful life of the assets as mentioned in the Part C of the said Schedule is taken into consideration. Any variation from the given useful life in the schedule will be reported in the notes to accounts.
- b) Intangible Assets: - The provision of the Accounting Standards for the time being in force is applied i.e. as per AS-26.







F. IMPAIRMENT OF ASSETS

In accordance with AS-28 on 'Impairment of Assets' prescribed by the Companies (Accounting Standard) Rules, 2006 where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the statement of Profit and Loss whenever the carrying amount of such assets exceeds its recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the assets restated to extent of the carrying value of the asset that would have been determined (net of amortization/depreciation), had no impairment loss been recognized.

G. INVESTMENT

Investments shall be classified into long term and current investments. Long-term investments are carried at cost and provision is made to recognize any decline in the value, other than temporary, in the value of such investments. Current investments are carried at the lower of the cost or fair value/market value and provision is made to recognize any decline in the carrying value of the investments.

H. RETIREMENT BENEFITS

The employees to whom retirement benefits are applicable are on deputation from the holding company i.e. J&K Bank Limited. The accounting of employees terminal benefits is done strictly as per AS-15 (Revised 2005) issued by the Institute of Chartered Accountants of India by the holding company.

I. TAXATION

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the Income Tax Act, 1961. Deferred tax resulting from timing differences between accounting income and taxable income is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a virtual/reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.







NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2021

II. NOTES TO THE FINANCIAL STATEMENTS

1. The operating income of the company amounting ₹9,37,44,113.45 includes brokerage income of ₹8,12,33,588.73 and Depository Income of ₹1,08,51,801.31. The company is operating as a Stock Broker on NSE (Cash & F&O) and BSE (Cash & F&O) and as Depository Participants of CDSL and NSDL Depositories.
2. Trade receivables includes ₹43,77,265.38 being outstanding from the DP Clients which are outstanding for more than six months. However these receivables are considered good by the management, hence no provision has been made against these.
3. The deferred tax asset (Net) of ₹1,18,70,370.58 as shown in the Balance Sheet includes DTA of ₹1,21,37,127.10 and DTL ₹2,66,958.54 and Deferred Tax Expenses of ₹1,54,91,223.62 reversed in the Profit and Loss Account is calculated as per the provisions of AS-22 (Accounting for taxes on income).

Creation of DTA/Reversal of DTL	Amount in (₹)
On Timing Difference in Depreciation	7,55,439.55
<b>Creation of DTA</b>	
Deferred Tax on Business Income (Loss)	(1,62,46,663.17)
Net Deferred Tax Reversed in P&LA/C	(1,54,91,223.62)

4. Segment Reporting: - The Company operates in a single business segment and hence no disclosure is being made.
5. Previous year figures are regrouped and rearranged wherever required.
6. The payment to auditor include ₹1,50,000/- (Plus taxes) as statutory audit fee, ₹1,25,000/- (Plus taxes) for tax matters and ₹3,98,000/- (Plus taxes) for internal audit and other services.
7. Related Parties Disclosures
  - a) Relationships: Holding Company - The Jammu & Kashmir Bank Ltd.
  - b) Key Management Personnel:-

Mr. R. K. Chhibber	Chairman
Mr. Ghulam Nabi Teli	Director
Mr. Sunil Gupta	Director
Mr. Rakesh Koul	Director
Mr. Nisar Ahmad Zargar	Director
Ms. Nishi Sharma	Director
Mr. Mohammad Muzzafar Wani	Managing Director
Mr. Pankaj Gour	Chief Financial Officer
Mr. Zaffar Hamed	Secretary
  - c) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the period end.

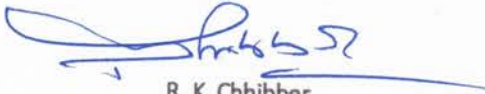




Items/Related Party	J&K Bank Ltd.(₹)
Deposits/Balance in Bank Accounts	13,85,19,660.64
Loans/Credit facilities availed	7,70,00,000.00
Interest /Commission Paid	3,89,905.56
Interest /Commission Received	9,66,262.00
Reimbursement of Expenditure/Revenue	18,77,094.38
Disbursement on behalf of JKBFSL (Salary of deputed staff)	45,60,436.93
Managing Director's Remuneration	22,83,201.00

8. The earnings considered in ascertaining the Company's Earnings per share (EPS) comprise net Profit/Loss after Taxation. The number of shares used in computing basic and diluted EPS is the weighted average number of shares outstanding during the year.

Description	2020-21 (₹)	2019-20 (₹)
Profit/ (Loss) after taxation	2,67,13,678.10	(1,52,34,115.06)
Weighted average Number of equity Shares outstanding	2,00,00,000	2,00,00,000
Basic and Diluted earnings per share (annualised) in Rupees (face- value ₹10/- per share)	1.34	(0.76)

  
R. K. Chhibber  
Chairman

  
Sunil Gupta  
Director

  
Mohammad Muzzafar Wani  
Managing Director

  
Pankaj Gour  
Chief Financial Officer

  
Zaffar Hamed  
Company Secretary

Place: Srinagar  
Dated: 29/04/2021

In terms of our report of even date annexed

FOR A. J. MOHAN & ASSOCIATES,  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 002468N

  
CA. Abhijit Mohan  
Membership No. : 540233



Place: Srinagar  
Dated: 29/04/2021