



INDEPENDENT AUDITOR'S REPORT

To
The Members of
JKB FINANCIAL SERVICES LIMITED
SRINAGAR (J&K)

We have audited the accompanying financial statements of JKB Financial Services Limited Srinagar which comprise the Balance Sheet as at 31st March 2020, the statement of profit and loss, the statement of cash flows for the year then ended and a summary of the 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 standalone 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 the Companies Accounting Standards Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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 audit opinion on the standalone financial statements.

Going concern

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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. However, future events or conditions may cause the Company to cease to continue as a going concern.

As per the sufficient and appropriate audit evidence obtained during the audit, we conclude that, based on the audit evidence obtained, we have not found any indication of having existence of material uncertainty. Accordingly, we assume going concern assumption of the audit. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report



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G.T. Road, Karnal (Haryana) 132001

 skmaheshwariandco@yahoo.co.in
skmaheshwariandco@gmail.com

Responsibilities of Management 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 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued there under. 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.

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.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that 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 standalone 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 standalone 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 financial controls 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 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.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
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, the statement of cash flows and the statement of changes in equity 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 relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (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 provisions 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 disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 45 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

SK MAKESHWARI & CO.

Chartered Accountants

Firm's Registration No.: 013795N



A handwritten signature in blue ink, appearing to be "Amit Kumar".

CA Amit Kumar

Partner

Membership number:527137

UDIN: 20527137AAAAED7794

Place: Srinagar

Date: June 8, 2020



In continuation to our audit report.

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 SK MAKESHWARI & CO.
Chartered Accountants
Firm's Registration No.: 013795N



CA Amit Kumar
Partner
Membership number:527137
UDIN: 20527137AAAAED7794
Place: Srinagar
Date: June 8, 2020



ANNEXURE "A"

The Annexure refer to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31st March, 2020, we report that:

- (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) As explained to us, the Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of fixed assets has been carried out by the management during the year. We are informed that discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) According to the information and explanations given to us and on the basis and on the basis of our examination of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (iii) According to the information and explanation given to us the Company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (iv) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues.
- According to the information and explanations given to us, no undisputed amounts remain payable in respect of such statutory liabilities as at 31st March, 2020 for a period of more than six months from the date they became payable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank or bonds/debenture holders as at the Balance Sheet date.
- (vi) As per the information and explanations given to us on an overall basis the term loans taken by the company have been applied for the purposes for which they were obtained.
- (vii) 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.
- (viii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections



177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (x) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xii) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

SK MAKESHWARI & CO.

Chartered Accountants

Firm's Registration No.: 013795N



A handwritten signature in black ink, appearing to be "Amit Kumar".

CA Amit Kumar

Partner

Membership number:527137

UDIN: 20527137AAAAED7794

Place: Srinagar

Date: June 8, 2020

ANNEXURE "B"

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statement for the year ended 31st March, 2020.

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

We have audited the internal financial controls over financial reporting of JKB Financial Services Limited Srinagar as of 31 March 2020 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 ('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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, 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.

SK MAKESHWARI & CO.

Chartered Accountants

Firm's Registration No.: 013795N



A handwritten signature in black ink, appearing to be "Amit Kumar".

CA Amit Kumar

Partner

Membership number: 527137

UDIN: 20527137AAAAED7794

Place: Srinagar

Date: June 8, 2020



Annexure: C

Based on the verification of books of account of the Company and according to information and explanations given to us, we give below a report on the Directions 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.	According to the information and explanations given to us and based on our audit, all accounting transactions are routed through back office system implemented by the Company. Period-end Financial Statements are compiled offline based on balances and transactions generated from back office system. We have neither been informed nor have we come across during the course of our audit, any accounting transactions having impact on the integrity of the accounts along with the financial implications which have been processed outside the IT system.
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.	According to information and explanations given to us and based on our audit, there is no case of restructuring of an existing loan or cases of waiver / write off of debts / loans / interest etc. made by lender to the Company.
3.	Whether funds received/receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	According to information and explanations given to us and based on our audit, the Company has not received any fund from Central/State agencies.



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"> • Non-Banking Finance Companies (NBFC's); • Classification of non-performing assets ; and • Capital adequacy norms for NBFCs. 	Not Applicable
2.	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.	According to information and explanations given to us and based on our audit, the Company has not given any loans.
3.	Whether the introduction of any scheme for settlement of dues and extension thereto complied with policy / guidelines of the Company / Government	According to information and explanations given to us and based on our audit, the Company has not introduced any scheme of the Central Government for settlement of dues and extension thereto.
4.	Comment on the confirmation of balance of trade receivables, trade payables, term deposits, bank accounts and cash obtained.	According to the information and explanation given to us and based on our audit, the balance of trade receivables consists of DEMAT account charges of very large number of customer with the amount of each individual customer being very small. As such it is not feasible to get individual balance confirmation from each customer.
5.	Whether the Bank guarantees have been revalidated in time?	According to information and explanations given to us and based on our audit, the Company does not have any bank guarantees.
6.	Examine the system of effective utilization of Loans / Grant-in-Aid / Subsidy. List the cases of diversion of fund.	According to information and explanations given to us and based on our audit, the Company has not received any loans / Grant-in-Aid / Subsidy.
7.	Examine the cost benefit analysis of the major capital expenditure / expansion including IRR and payback period.	According to information and explanations given to us and based on our audit, the Company has not incurred any major capital expenditure / expansion.



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 proper security policy for data / software / hardware?	As per the information given to us, all the operations of the company including accounting, payroll and inventory are computerized and company has evolved a proper security policy for data / software / hardware.
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SK MAKESHWARI & CO.

Chartered Accountants

Firm's Registration No.: 013795N



A handwritten signature in black ink, appearing to be 'Amit Kumar', written over a light blue circular stamp.

CA Amit Kumar

Partner

Membership number:527137

UDIN: 20527137AAAAED7794

Place: Srinagar

Date: June 8, 2020

JKB FINANCIAL SERVICES LIMITED

1st Floor, Sheen Complex, Gole Market, Karan Nagar, Srinagar.

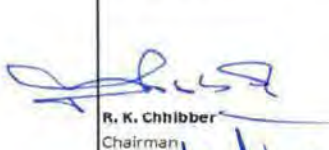
BALANCE SHEET AS AT 31ST MARCH, 2020.

Particulars	Note	Figures as on 31.03.2020 Amount (₹)	Figures as on 31.03.2019 Amount (₹)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	20,00,00,000.00	20,00,00,000.00
(b) Reserves and Surplus	2	(5,86,38,834.72)	(4,34,04,719.66)
(2) Share Application money pending allotment			
-			
(3) Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Non Current liabilities	3	3,74,383.27	3,49,848.13
(4) Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Other Current Liabilities	4	9,14,10,840.94	4,90,16,680.16
(c) Short-Term Provisions	5	3,15,000.00	1,80,000.00
Total Equity & Liabilities		23,34,61,389.49	20,61,41,808.63
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
1. Tangible Assets			
(i) Gross Block		1,62,56,707.07	1,42,52,086.68
(ii) Depreciation		1,25,30,825.70	1,22,02,771.06
(iii) Net Block		37,25,881.37	20,49,315.62
2. In-Tangible Assets			
(i) Gross Block		61,89,576.56	61,82,171.56
(ii) Depreciation		37,21,867.66	20,09,647.74
(iii) Net Block		24,67,708.90	41,72,523.82
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	7	2,73,61,594.20	2,05,49,233.06
(d) Long term loans and advances (Security Deposits)	8	3,59,46,850.00	1,69,47,550.00
(2) Current Assets			
(a) Trade Receivables	9	63,36,673.15	59,99,596.45
(b) Inventories		-	-
(d) Cash and cash equivalents	10	12,17,52,949.26	12,49,71,409.58
(e) Short-term loans and advances		-	-
(f) Other current assets	11	3,58,69,732.61	3,14,52,180.11
Total Assets		23,34,61,389.49	20,61,41,808.63

NOTES TO ACCOUNTS

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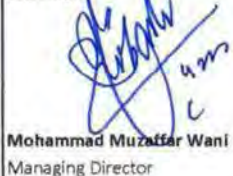
Notes referred to above and attached thereto form an integral part of Balance Sheet

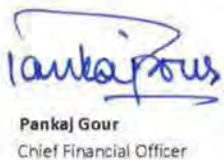

R. K. Chhibber
Chairman


Ghulam Nabi Teli
Director


Sunil Gupta
Director


Rakesh Koul
Director


Mohammad Muzaffar Wani
Managing Director


Pankaj Gour
Chief Financial Officer


Zaffar Hamed
Company Secretary

Place: Srinagar

Date: 08/06/2020

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

FOR S. K. MAHESHWARI & CO

CHARTERED ACCOUNTANTS

Firm Reg. No.: 013795N





CA. Amit Kumar

Membership No.: 527137

Place: Srinagar

Date: 08/06/2020

UDIN-20527137AAAED7794

JKB FINANCIAL SERVICES LIMITED

1st Floor, Sheen Complex, Gole Market, Karan Nagar, Srinagar.

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2020.

S. No.	Particulars	Note	Figures for Year	Figures for Year
			Ending Mar. 2020	Ending Mar. 2019
			Amount (₹)	Amount (₹)
I	Revenue from Operations	12	4,38,86,931.39	4,42,78,675.30
II	Other Income	13	43,47,889.87	93,06,455.48
III	III. Total Revenue (I + II)		4,82,34,821.26	5,35,85,130.78
IV	Expenses:			
	Employee Benefit Expense	14	4,58,41,245.00	3,92,04,929.08
	Financial Costs		1,00,278.00	-
	Depreciation and Amortization Expense & Written offs	15	27,00,458.06	18,83,132.95
	Other Administrative Expenses	16	2,16,39,316.41	2,28,44,624.35
	Total Expenses (IV)		7,02,81,297.47	6,39,32,686.38
V	Profit before exceptional and extraordinary items and tax	(III - IV)	(2,20,46,476.21)	(1,03,47,555.61)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		(2,20,46,476.21)	(1,03,47,555.61)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(2,20,46,476.21)	(1,03,47,555.61)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax (Net)		68,12,361.15	31,97,394.68
XI	Profit(Loss) from the period from continuing operations	(IX-X)	(1,52,34,115.06)	(71,50,160.93)
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)		(1,52,34,115.06)	(71,50,160.93)
XVI	Earning per equity share:			
	(1) Basic		(0.76)	(0.36)
	(2) Diluted		(0.76)	(0.36)

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

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 R. K. Chhibber Chairman	 Ghulam Nabi Yeli Director	 Sunil Gupta Director	 Rakesh Koul Director
 Mohammad Muzaffar Wani Managing Director	 Pankaj Gour Chief Financial Officer	 Zaffar Hamed Company Secretary	

Place: Srinagar
Date: 08/06/2020

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

FOR S. K. MAHESHWARI & CO
CHARTERED ACCOUNTANTS
 Firm Reg. No.: 013795N



CA. Amit Kumar
 Membership No. : 527137
 Place: Srinagar
 Date: 08/06/2020

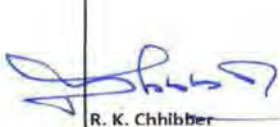
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JKB FINANCIAL SERVICES LIMITED

1st Floor, Sheen Complex, Gole Market, Karan Nagar, Srinagar.

Cash Flow Statement for Period ended 31st March 2020.

Particulars	Year Ending 31st March, 2020	Year Ending 31st March, 2019
	Amount (₹)	Amount (₹)
<u>Cash Flow Operating Activities</u>		
Net Profit After Tax	(1,52,34,115)	(71,50,161)
<u>Adjustments for</u>		
1) Depreciation	27,00,458	18,83,133
2) Preliminary Expenses	-	-
3) Other Income	(43,47,890)	(93,06,455)
Deferred Tax (Credited To P&L Account)	(68,12,361)	(31,97,395)
Operating Profit Before Working Capital Change	(2,36,93,908)	(1,77,70,878)
<u>Change in Working Capital</u>		
Trade & Other Receivables Increase/ Decrease	(47,54,629)	(53,76,985)
Trade & Other Payables Increase/ Decrease	4,25,53,696	2,52,75,059
Net Cash Generated from Operations (A)	1,41,05,159	21,27,195
<u>Cash Flow Investing Activities</u>		
Increase/Decrease In Fixed assets	(26,72,209)	(52,11,509)
Other Income	43,47,890	93,06,455
Increase/ Decrease in Security Deposits	(1,89,99,300)	2,74,85,420
Net cash flow from investing activities (B)	(1,73,23,619)	3,15,80,366
<u>Cash Flow Financing Activities</u>		
Increase in Equity Share capital	-	-
Net Cash Flow Financing Activities (C)	-	-
Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)	(32,18,460)	3,37,07,562
Opening Cash & Cash Equivalents	12,49,71,410	9,12,63,848
Closing Cash & Cash Equivalents	12,17,52,949	12,49,71,410


R. K. Chhibber
Chairman


Ghulam Nabi Teli
Director


Sanjit Gupta
Director


Rakesh Koul
Director


Mohammad Muzaffar Wani
Managing Director


Pankaj Gour
Chief Financial Officer


Zaffar Hamed
Company Secretary

Place: Srinagar
Date: 08/06/2020

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

FOR S. K. MAHESHWARI & CO
CHARTERED ACCOUNTANTS
Firm Reg. No.: 013795N





CA. Amit Kumar
Membership No. : 527137

Place: Srinagar
Date: 08/06/2020

UDIN-20527137AAAAED7794

JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31ST MARCH, 2020.**

Note 1: Share Capital

(Amount in ₹)

S. No.	Particulars	Year Ending Mar.'20	Year Ending Mar.'19
1	<u>AUTHORIZED CAPITAL</u> 3,00,00,000 Equity Shares of Rs. 10/- each.	30,00,00,000.00	20,00,00,000.00
		30,00,00,000.00	20,00,00,000.00
2	<u>ISSUED, SUBSCRIBED & PAID UP CAPITAL</u> 200,00,000 Equity Shares of Rs. 10/- each.	20,00,00,000.00	20,00,00,000.00
	Total	20,00,00,000.00	20,00,00,000.00

Note 2: Reserve & Surplus

S. No.	Particulars	Year Ending Mar.'20	Year Ending Mar.'19
1	Capital Reserve		-
2	Revaluation Reserve		-
3	Other Reserve		-
4	Surplus (Profit & Loss Account)	(4,34,04,719.66)	(3,62,54,558.74)
	Balance brought forward from previous year	(4,34,04,719.66)	(3,62,54,558.74)
	Less: Tax on Regular Assessment Paid	-	-
	Add: Profit for the period	(1,52,34,115.06)	(71,50,160.92)
	Total	(5,86,38,834.72)	(4,34,04,719.66)

Note 3: Other Non Current Liabilities

S. No.	Particulars	Year Ending Mar.'20	Year Ending Mar.'19
1	Client Deposits (NSDL)	2,99,561.96	2,79,349.34
2	Client Deposits (CDSL)	33,804.31	29,481.79
3	Retention Money	41,017.00	41,017.00
	Total	3,74,383.27	3,49,848.13

Note 4: Other Current Liabilities

S. No.	Particulars	Year Ending Mar.'20	Year Ending Mar.'19
1	J&K Bank (Holding Company)	2,11,54,180.00	-
2	Line of Credit Account (CC-995)	2,00,50,435.50	-
3	Client Control A/C	2,56,93,594.32	1,65,57,470.26
4	Sundry Creditors	78,79,825.33	54,16,912.84
5	Stamp Charges JK	6,46,363.15	5,11,081.53
6	Securities Transaction Tax	1,10,201.61	1,13,621.00
7	TDS Payable	1,18,189.17	4,03,848.28
8	TDS on GST Payments	1,55,411.00	96,789.26
9	GST Payable	14,82,895.03	13,10,703.51
10	Education Cess Payable	0.01	-
11	Higher Education Cess Payable	-	-

12	Krishi Kalyan Cess Payable	-	-
13	Expenses Payable	49,34,904.59	39,85,499.54
14	Other Client Payable	62,530.43	16,724.89
15	Other Current Liabilities	2,52,321.91	29,899.50
16	Exchange Dues	87,28,538.23	2,04,52,368.10
17	SEBI TOT Charges	1,41,450.66	1,21,761.44
	Total	9,14,10,840.94	4,90,16,680.16

Note 5: Short Term Provisions

S. No.	Particulars	Year Ending Mar.'20	Year Ending Mar.'19
1	Audit Fee Payable	1,00,000.00	90,000.00
2	Provision for Tax Audit	2,15,000.00	90,000.00
	Total	3,15,000.00	1,80,000.00



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2020.

Note 6: Fixed Asset

I. Fixed Assets

(Amount in ₹)

S. No.	Particulars	Gross Block				Depreciation				Net Block	
		Value at the beginning of the period	Addition during the period	Deduction during the period	Value as at End of the period	Value at the beginning of the period	Addition during the period	Deduction during the period	Value as at End of the period	WDV as on 31.03.2019	WDV as on 31.03.2020
I	Tangible Assets										
1.	Computers	72,48,283.88	23,27,739.29		95,76,023.17	69,69,260.74	5,74,729.38		75,43,990.12	2,79,023.14	20,32,033.05
2.	Furniture Fixture	25,40,823.44	1,04,579.00	-	26,45,402.44	20,25,139.33	1,70,028.96		21,95,168.29	5,15,684.11	4,50,234.15
3.	Library Books	4,914.14	12,115.00		17,029.14	4,914.14	4,031.71		8,945.85	-	8,083.29
4.	Mobile Phones	1,73,451.79	1,500.00		1,74,951.79	1,51,525.11	11,649.81		1,63,174.92	21,926.68	11,776.87
5.	Plant & Machinery	42,84,613.42	2,83,687.11	7,25,000.00	38,43,300.53	30,51,931.73	2,27,798.28	6,60,183.49	26,19,546.52	12,32,681.69	12,23,754.01
	Sub-Total	1,42,52,086.67	27,29,620.40	7,25,000.00	1,62,56,707.07	1,22,02,771.05	9,88,238.14	6,60,183.49	1,25,30,825.70	20,49,315.62	37,25,881.37
II	Intangible Assets										
1.	Software	61,82,171.56	7,405.00		61,89,576.56	20,09,647.74	17,12,219.92		37,21,867.66	41,72,523.82	24,67,708.90
	Sub-Total	61,82,171.56	7,405.00		61,89,576.56	20,09,647.74	17,12,219.92		37,21,867.66	41,72,523.82	24,67,708.90
	Total	2,04,34,258.23	27,37,025.40	7,25,000.00	2,24,46,283.63	1,42,12,418.79	27,00,458.06	6,60,183.49	1,62,52,693.36	62,21,839.44	61,93,590.27



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31ST MARCH, 2020.**

Note 7: Deferred Tax

(Amount in ₹)

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Deferred Tax Asset	2,76,28,552.74	2,08,16,191.60
2	Deferred Tax Liability	(2,66,958.54)	(2,66,958.54)
	Deferred Tax Asset (NET)	2,73,61,594.20	2,05,49,233.06

Note 8: Long Term Loans and Advances

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
	Security Deposit & Margin Deposits		
	<u>Secured, Considered Good :</u>		
1	NSE	3,50,00,000.00	1,10,00,000.00
2	BSE	1,25,000.00	11,25,000.00
3	CDSL	5,00,000.00	5,00,000.00
4	NCCL	-	40,00,000.00
5	HCL COMNET	3,00,000.00	3,00,000.00
6	Additional Surveillance Deposit	-	700.00
7	Security Deposits-Others	21,850.00	21,850.00
	Total	3,59,46,850.00	1,69,47,550.00

Note 9: Trade Receivables

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Bills Receivable Demat (TO)	11,68,988.43	12,11,612.04
2	Demat Receivables		
	Outstanding for less than 6 months	26,31,955.61	22,87,470.33
	Outstanding for more than 6 months (Unsecured, considered Good)	25,35,729.11	25,00,514.08
	Total	63,36,673.15	59,99,596.45

Note 10: Cash & Cash Equivalent

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
	Bank Balance		
1	Current A/c (CA0042)	13,29,170.42	11,92,758.91
2	FSC Expenditure A/c	46,282.46	1,32,016.03
3	JKBFSL Mutual Fund Income A/c (CA0104)	86,753.59	10,218.94
4	JKB Recruitment Bank A/c	-	-
5	FSC Income A/c	47,357.55	1,811.13
6	HDFC BSE CM Settlement A/c	2,49,891.00	13,82,365.27
7	HDFC NSE CM Client A/c	20,000.00	20,000.00
8	HDFC NSE F&O Client A/c	20,000.00	20,000.00
9	HDFC NSE F&O Settlement A/c	54,83,525.02	77,98,344.98
10	HDFC BSE CM Client A/c	10,000.00	10,000.00
11	HDFC NSE Business A/c	70,528.00	16,239.18
12	HDFC BSE F&O Client A/c	10,000.00	10,000.00
13	HDFC BSE F&O Settlement A/c	7,240.00	7,240.00

14	HDFC BSE MFSS Settlement A/c	19,886.00	19,886.00
15	HDFC NSE MFSS Settlement A/c	20,000.00	20,000.00
16	HDFC NSE Cash Settlement A/c	3,74,58,978.65	4,04,47,450.44
17	HDFC NSE Exchange Dues A/c	-	2,06,051.12
18	Head Office Income A/c (CA0092)	2,37,683.96	1,44,111.29
19	JKBFSL Client A/c (CA0102)	2,20,88,619.86	41,01,956.57
20	JK Bank Dividend A/C	53,843.44	5,635.30
21	E-Payment of Taxes A/c	1,18,189.31	50,324.42
22	Fixed Deposit with J&K Bank		
	(a) Unencumbered and Free	-	-
	(b) Held as security against SOD	-	1,50,00,000.00
22	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
	Total	12,17,52,949.26	12,49,71,409.58

Note 11: Other Current Assets

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Exchange Obligation Account	2,70,295.46	-
2	Interest Receivable	8,92,039.44	6,43,699.72
3	Additional Margin Deposit (BSE)	10,00,000.00	-
4	<u>Advance Income Tax/TDS</u>		
	a) On Commission	-	-
	b) On interest on FDR's	3,94,335.21	8,89,484.51
5	Electronic Cash Ledger	11,194.00	11,194.00
6	Advance to Suppliers	5,59,314.09	6,18,118.38
7	Advance to Staff	1,31,000.00	-
8	Client Control A/C (Dr)	3,13,91,315.76	2,85,79,392.96
9	PDD Sgr.	14,000.00	14,000.00
10	Other Receivables	63,153.09	31,317.83
11	Prepaid Expenses/Advance (Others)	11,43,085.56	6,64,972.71
	Total	3,58,69,732.61	3,14,52,180.11



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR
ENDED 31ST MARCH, 2020.**

Note 12: Income from operations

(Amount in ₹)

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Brokerage Income A/C	3,25,03,113.52	3,45,15,629.35
2	Demat Income A/c	43,97,933.88	38,63,076.38
3	Other Depository Income A/c	1,49,129.00	87,562.00
4	DP Pool Charges A/c	84,991.29	1,96,680.00
5	Pay In Delay Charges A/c	59,60,627.33	44,71,101.87
6	Mutual Fund Commission	5,28,796.63	3,71,283.49
7	Profit on Sale/Disposal of Fixed Assets	2,62,339.74	-
8	Other Receipts	-	7,73,342.20
	Total in Rs	4,38,86,931.39	4,42,78,675.30

Note 13: Other Income

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Interest Earned on FDR's	37,85,832.52	50,70,874.96
2	Other Receipts	5,62,057.35	42,35,580.52
	Total in Rs	43,47,889.87	93,06,455.48

Note 14: Employment Benefit Expenses

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Salary A/C	2,47,33,065.00	22,55,999.00
2	Managerial Remuneration (MD) A/C	22,78,031.00	22,63,267.00
3	Salary (Staff on Deputation)	1,88,30,149.00	3,46,85,663.08
	Total in Rs	4,58,41,245.00	3,92,04,929.08

Note 15: Depreciation & Amortized Cost

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Depreciation A/c	27,00,458.06	18,83,132.95
2	Preliminary Expenses W/O	-	-
	Total	27,00,458.06	18,83,132.95

Note 16: Other Administrative Expenses

S. No.	Particulars	Year ending Mar.'20	Year ending Mar.'19
1	Membership & Subscription Fee	17,28,534.45	8,38,812.92
2	Rent, Rates & Taxes	24,85,106.00	31,53,090.00
3	Communication & Connectivity Cost	41,32,987.93	38,06,900.58
4	Legal & Professional Charges	6,53,356.88	2,39,290.20
5	Bank Commission & Other Charges	26,128.74	4,615.06
6	Travelling & Conveyance Expenses	3,81,923.12	6,69,897.68
7	Power & Fuel	9,36,739.70	11,51,240.02
8	Stationary & Printing	5,71,902.22	3,09,319.81
9	Payment to Auditors	4,33,000.00	2,54,700.00

10	Office Upkeep & Maintenance Expenses	4,45,770.50	3,43,211.54
11	Repairs & Maintenance	2,85,832.18	1,88,613.51
12	Office Administrative & Other Expenses	25,63,033.37	44,53,011.65
13	Postage & Telephone	3,11,621.89	4,53,820.05
14	NSE/BSE Charges	2,85,552.30	9,83,335.30
15	Hospitality & Entertainment (incl. B/L)	6,19,209.38	6,06,584.34
16	Insurance	5,90,715.75	7,26,166.00
17	Training & Certification	2,28,500.00	78,399.33
18	Back-Office Hosting Charges	49,59,402.00	45,83,616.36
19	Previous Year Expenses	-	-
	Total	2,16,39,316.41	2,28,44,624.35





NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2020

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/materialized.

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 are either contractual or on deputation from the holding company i.e. J&K Bank Limited. However 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, 2020

II. NOTES TO THE FINANCIAL STATEMENTS

1. The operating income of the company amounting ₹4,38,86,931.39 includes brokerage income of ₹3,84,63,740.85 and Depository Income of ₹46,32,054.17. The company is operating as a



stock broker of NSE (Cash & F&O) and BSE (Cash & F&O) and as depository participant of both CDSL and NSDL Depositories.

2. Trade receivables includes ₹11,68,988.43 being outstanding from the DP Clients taken over from holding Company with the condition that if any amount remains unrecovered from such clients as on 31.03.2016, the same shall be recoverable from the holding Company, hence considered good by the management. Further, other AMC (DEMAT A/C's) receivables outstanding for more than six months are considered good by the management, hence no provision for these receivables have been made.
3. The deferred tax asset (Net) of ₹2,73,61,594.20 as shown in the Balance Sheet includes DTA of ₹2,76,28,552.74 and DTL ₹2,66,958.54 and Deferred Tax Expenses of ₹68,12,361.15 recognised 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	1,12,592
Creation of DTA	
Deferred Tax on Business Income (Loss)	67,80,832
Reversed on write offs	-81,063
Net Deferred Tax Recognized in P&L A/C	68,12,361

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 ₹1,00,000/- (Plus taxes) as statutory audit fee, ₹1,25,000/- (Plus taxes) for tax matters and ₹2,08,700/- (Plus taxes) for statutory certification 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. Mohammad Muzaffar 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 year end.



Items/Related Party	J&K Bank Ltd.(₹)
Deposits/Balance in Bank Accounts	2,40,07,900.59
Interest /Commission Paid	1,26,406.74
Interest /Commission Received	2,00,984.00
Disbursement on Behalf of JKBFSL (Establishment)	1,88,30,149.00

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	2019-20 (₹)	2018-19 (₹)
Profit/ (Loss) after taxation	(1,52,34,115.06)	(71,50,160.93)
Weighted average Number of equity Shares outstanding	2,00,00,000	2,00,00,000
Basic and Diluted earnings per share in Rupees. (face-value ₹10/- per share)	(0.76)	(0.36)


R. K. Chhibber
Chairman


Ghulam Nabi Teli
Director


Sunil Gupta
Director


Rakesh Koul
Director


Mohammad Muzaffar Wani
Managing Director


Pankaj Gour
Chief Financial Officer


Zaffar Hamed
Secretary

Place: Srinagar
Dated: 08/06/2020

In terms of our report of even date annexed

FOR S. K. MAHESHWARI & CO.
CHARTERED ACCOUNTANTS
Firm Reg. No.: 013795N

CA Amit Kumar
Membership No. : 527137

Place: Srinagar
Dated: 08/06/2020

