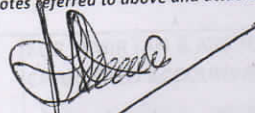


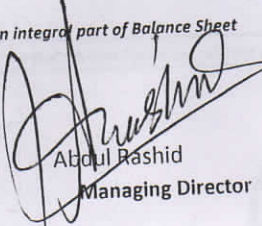
JKB FINANCIAL SERVICES LIMITED
Corporate Headquarters J&K Bank, M. A. Road Srinagar
BALANCE SHEET AS AT 31ST MARCH, 2013

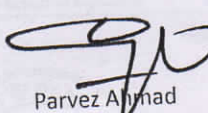
Particulars	Note	Figures as on 31.03.2013	Figures as on 31.03.2012
		Amount (Rs)	Amount (Rs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	100,000,000.00	50,000,000.00
(b) Reserves and Surplus	2	(689,966.40)	1,114,338.44
		0.00	0.00
(2) Share Application money pending allotment			
		0.00	0.00
(3) Non-Current Liabilities			
(a) Long-Term Borrowings			
(b) Deferred Tax Liabilities (Net)		781,289.40	0.00
(c) Other Non Current liabilities	3		
(4) Current Liabilities			
(a) Short-Term Borrowings		6,000,000.00	0.00
b) Other Current Liabilities	4	18,807,264.13	9,509,842.28
(c) Short-Term Provisions	5	65,250.00	65,250.00
Total Equity & Liabilities		124,963,837.13	60,689,430.72
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Gross Block		5,560,363.40	7,600.00
(ii) Depreciation		256,462.37	3,800.00
(iii) Net Block	6	5,303,901.03	3,800.00
(b) Non-current investments		0.00	0.00
(c) Deferred tax assets (net)	7	1,403,038.00	648,211.00
(d) Long term loans and advances (Security Deposits)	8	16,625,000.00	600,000.00
(2) Current Assets			
(a) Trade Receivables	9	11,561,696.66	6,425,439.00
(b) Inventories		0.00	0.00
(d) Cash and cash equivalents	10	85,332,221.69	51,479,741.72
(e) Short-term loans and advances		0.00	0.00
(f) Other current assets	11	4,737,979.75	1,532,239.00
Total Assets		124,963,837.13	60,689,430.72

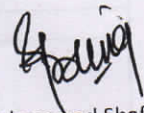
NOTES TO ACCOUNTS

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


Mushtaq Ahmad
Chairman


Abdul Rashid
Managing Director


Parvez Ahmad
Director


Mohammad Shafi
Secretary

Place: Srinagar
Date: 13-05-2013

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

FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS
(CA Amir Jan)
Membership No. : 096439
Firm Reg. No.: 021909N

Place: Srinagar
Date: 13-05-2013



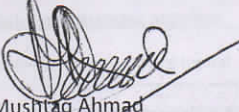
JKB FINANCIAL SERVICES LIMITED

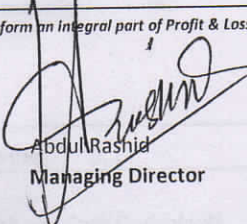
Corporate Headquarters J&K Bank, M.A Road Srinagar

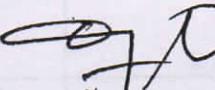
PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

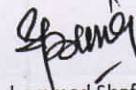
Sr. No	Particulars	Note	Figures for the Year 2012-13	Figures for the Year 2011-12
			Amount (Rs)	Amount (Rs)
I	Revenue from Operations	12	15367926.54	9081835.00
II	Other Income	13	7254148.35	4787422.00
III	III. Total Revenue (I + II)		22622074.89	13869257.00
IV	Expenses:			
	Employee Benefit Expense	14	18985619.71	12607629.28
	Financial Costs		3288.00	0.00
	Depreciation and Amortization Expense	15	304251.37	55389.00
	Other Administrative Expenses	16	5888047.65	3605599.28
	Total Expenses (IV)		25181206.73	16268617.56
V	Profit before exceptional and extraordinary items and tax	(III - IV)	(2559131.84)	(2399360.56)
VI	Exceptional Items		0.00	0.00
VII	Profit before extraordinary items and tax (V - VI)		(2559131.84)	(2399360.56)
VIII	Extraordinary Items		0.00	0.00
IX	Profit before tax (VII - VIII)		(2559131.84)	(2399360.56)
X	Tax expense:			
	(1) Current tax		0.00	
	(2) Deferred tax (Net)		(754827.00)	(648211.00)
XI	Profit(Loss) from the period from continuing operations	(IX-X)	(1804304.84)	(1751149.56)
XII	Profit/(Loss) from discontinuing operations		0.00	0.00
XIII	Tax expense of discounting operations		0.00	0.00
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		0.00	0.00
XV	Profit/(Loss) for the period (XI + XIV)		(1804304.84)	(1751149.56)
XVI	Earning per equity share:			
	(1) Basic		(0.18)	(0.35)
	(2) Diluted		(0.18)	(0.35)

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


Mushfaq Ahmad
Chairman


Abdul Rashid
Managing Director



Parvez Ahmad
Director


Mohammad Shafi
Secretary

Place: Srinagar
Date: 13-05-2013

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

FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS


(CA Amir Jan)
Membership No. 096439
Firm Reg. No.: 021909N

Place: Srinagar
Date: 13-05-2013





JKB FINANCIAL SERVICES LIMITED

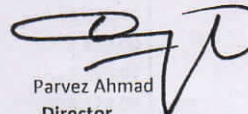
Corporate Headquarters J&K Bank M. A. Road Srinagar

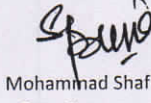
Cash Flow Statement for the Year 2012-13

	Year Ended 31st March, 2013	Year Ending 31st March, 2012
	Amount (Rs)	Amount (Rs)
Cash Flow Operating Activities		
Net Profit After Tax	(1804304.84)	(1751149.56)
Adjustments for		
1) depreciation	252662.37	3800.00
2) Preliminary Expenses	51589.00	51589.00
3) Interest Income	(656541.00)	(4787422.00)
Deffered Tax (Credited To P&L Account)	(754827.00)	(648211.00)
Operatig Profit before Working Capital change	(2911421.47)	(7131393.56)
Change in Working Capital		
Trade & Other Receivables Increase/ Decrease	(8393587.41)	(7648149.00)
Trade & Other Payables Increase/ Decrease	16086827.77	6709723.28
Net Cash Generated from Operations (A)	4781818.89	(8069819.28)
Cash Flow Investing Activities		
Increase/Decrease In Fixed assets	(5560879.92)	(7600.00)
Interest Income	656541.00	4787422.00
Increase/ Decrease in Security Deposits	(16025000.00)	(500000.00)
Net cash flow from investing activities (B)	(20929338.92)	4279822.00
Cash Flow Financing Activities		
Increase in Equity Share capital	50000000.00	0.00
Net Cash Flow Financing Activities (C)	50000000.00	0.00
Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)	33852479.97	(3789997.28)
Opening Cash & Cash Equivalents	51479741.72	55269739.00
Closing Cash & Cash Equivalents	85332221.69	51479741.72


Mushtaq Ahmad
Chairman


Abdul Rashid
Managing Director


Parvez Ahmad
Director


Mohammad Shafi
Secretary

Place: Srinagar
Date: 13-05-2013

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

**FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS**

(CA. Amir Jan)
Membership No. : 096439
Firm Reg. No.: 021909N

Place: Srinagar
Date: 13-05-2013



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2013**

Note : 1 Share Capital

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	AUTHORIZED CAPITAL 1,00,00,000 Equity Shares of Rs. 10/- each.	100,000,000.00	100,000,000.00
		100,000,000.00	-
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL 100,00,000 Equity Shares of Rs. 10/- each.	100,000,000.00	50,000,000.00
	Total	100,000,000.00	50,000,000.00

Note : 2 Reserve & Surplus

Sr. No	Particulars	Current Year	Previous Year
1	Capital Reserve	-	-
5	Revaluation Reserve	-	-
7	Other Reserve	-	-
8	Surplus (Profit & Loss Account)	1,114,338.44	2,865,488.00
	Balance brought forward from previous year	1,114,338.44	2,865,488.00
	Less: Tax on Regular Assessment Paid	-	-
	Add: Profit for the period	(1,804,304.84)	(1,751,149.56)
	Total	(689,966.40)	1,114,338.44

Note : 3 Other Non Current Liabilities

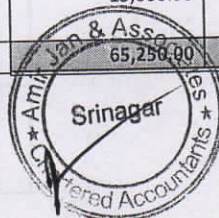
Sr. No	Particulars	Current Year	Previous Year
1	Client Deposits (NSDL)	640,607.13	-
2	Client Deposits (CDSL)	117,294.27	-
3	Retention Money	23,388.00	-
	Total	781,289.40	-

Note : 4 Other Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	J&K Bank Holding Company	17,723,171.28	9,384,333.28
2	Client Control A/C	77,212.75	-
3	Sundry Creditors (Zam Zam Printers)	482,762.00	-
4	Stamp Charges JK A/C	3,895.40	-
5	Securities Transaction Tax	4,470.00	-
6	SEBI Turnover Charges A/C	3,193.07	-
7	TDS Payable	378,124.00	-
8	Expenses Payable	79,515.00	124,118.00
9	Expenses Payable (FSC)	25,081.00	1,391.00
10	Other Current Liabilities	29,741.00	-
11	SEBI TOTCharges A/C	98.63	-
	Total	18,807,264.13	9,509,842.28

Note : 5 Short Term Provisions

Sr. No	Particulars	Current Year	Previous Year
1	Audit Fee Payable	50,250.00	55,250.00
	Provision for Tax Audit	15,000.00	10,000.00
	Total	65,250.00	65,250.00



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

: 6 Fixed Asset
ed Assets

No	Particulars	Rate	Gross Block			Depreciaton			Net Block			
			Value at the beginning	Addition during the year	Deduction during the year	Value at the end	Value at the beginning	Addition during the year	Deduction during the year	Value at the end	WDV as on 01.04.2012	WDV as on 31.03.2013
	Tangible Assets											
	Furniture Fixture	18.10%		1372145.94		1372145.94	61239.06	61239.06	61239.06			1310906.88
	Plant & Machinery	13.91%		3488335.54		3488335.54	119645.13	119645.13	119645.13			3368690.41
	Computers	40.00%		520549.78		520549.78	51341.90	51341.90	51341.90			469207.88
	Mobile Phones	50.00%	7600	11875.00	0	19475.00	9737.50	9737.50	13537.50	3800	3800	5937.50
	Library Books	100.00%		107.14		107.14	107.14	107.14	107.14			
	Intangible Assets					0.00			0			
	Software	20%	0	159750.00	0	159750.00	10591.64	10591.64	10591.64	0	0	149158.36
1			0	0	0	0	0.00	0.00	0	0	0	0
	Total		7,600.00	5552763.40	-	5,560,363.40	3,800.00	252,662.37	256,462.37	3,800.00	3,800.00	5,303,901.03



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2013

Note : 7 Deferred Tax

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
i)	<u>Deferred Tax Asset</u>	1,454,924	664,152
ii)	<u>Deferred Tax Liability</u>	(51,886)	(15,941)
	Deferred Tax Asset(NET)	1,403,038	648,211

Note : 8 Long Term Loans and Advances

Sr. No	Particulars	Current Year	Previous Year
i)	<u>Security Deposit</u>		
	<u>Secured, Considered Good :</u>		
1	<u>NSCCL</u>	4,000,000.00	
2	<u>NSE</u>	11,000,000.00	500,000
3	<u>BSE</u>	1,000,000.00	100,000
4	<u>ICCL(BSE)</u>	125,000.00	-
5	<u>CDSL</u>	500,000.00	-
	Total	16,625,000.00	600,000

Note : 9 Trade Receivables

Sr. No	Particulars	Current Year	Previous Year
1	Bills Receivable Demat (TO)	2,125,308.87	-
2	Brokerage Receivable (HSBC)	1,500,068.44	2,128,726.00
3	Demat Receivables	878,356.12	-
4	Commission Receivable	810,683.23	-
5	Interest Receivable	6,247,280.00	4,296,713.00
	Total	11,561,696.66	6425439.00

Note : 10 Cash & Cash Equivalent

Sr. No	Particulars	Current Year	Previous Year
	<u>Bank Balance</u>		
1	Current Account JKBFSL	300,621.66	429,741.72
2	BANK BALANCE (FSC EXPENDITURE A/C)	1,927,241.47	-
3	BANK BALANCE (FSC INCOME A/C)	445,967.61	-
4	HDFC BSE CM CLIENT	10,000.00	10,000.00
5	HDFC NSE BUSINESS	18,426.96	20,000.00
6	HDFC NSE CASH SETTLEMENT	618,452.90	10,000.00
7	HDFC NSE EXCHANGE DUE	10,000.00	10,000.00
8	Head Office Income Account	1,036,703.23	-
9	JKBFSL CLIENT ACCOUNT	964,807.86	-
10	Fixed Deposit with J&K Bank	80,000,000.00	51,000,000.00
	Total [A + B]	85,332,221.69	51,479,741.72

Note :11 Other Current Assets

Sr. No	Particulars	Current Year	Previous Year
1	Exchange Obligation Account	685,588.75	-
2	Omnesys Technologies	175,563.00	-
3	<u>Advance Income Tax/TDS</u>		
a)	On Commission	2,076,710.00	861,782.00
b)	On interest on FDR's	544,028.00	360,928.00
4	Prepaid Hosting Charges	983,150.00	-
5	Preliminary Expenses (Not Written Off)	257,940.00	309,529.00
6	Prepaid Expenses (Others)	15,000.00	-
	Total	4,737,979.75	1,532,239



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31st MARCH, 2013**

Note : 12 Income from operations

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Broking Commission (AP) A/C	12,149,229.00	9,081,835.00
2	Brokerage Income A/C	163,214.02	
3	Demat Income A/c	2,035,401.82	
4	Other Depository Income A/c	1,020,081.70	
	Total in Rs	15,367,926.54	9,081,835

Note : 13 Other Income

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Interest on FDR's A/c	656,541.00	4,787,422.00
2	Interest accrued but not received	6,247,280.00	
3	Other Receipts	40,118.00	-
4	Waiver Recovery Deposits	303,440.39	-
5	Over Due Charges	6,768.96	
	Total in Rs	7,254,148.35	4,787,422

Note : 14 Employment Benefit Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Salary A/C	510,015.00	3,931,967.28
2	Mangerial Remuneration (MD) A/C	1,308,129.00	911,691.00
3	Salary (Staff on Deputation)	17,167,475.71	7,763,971.00
	Total in Rs	18,985,619.71	12,607,629

Note : 15 Depreciation & Amortised Cost

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Depreciation A/c	252,662.37	3,800.00
3	Preliminary Expenses W/O	51,589.00	51,589.00
	Total	304,251.37	55,389.00

Note : 16 Other Administrative Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Membership & Subscription Fee	1,744,726.00	1,129,476.00
2	Rent ,Rates & Taxes	338,245.00	685,735.00
3	Communication & Enablement Cost	1,013,992.31	236,930.00
4	Legal & Professional Charges	151,488.00	58,700.00
5	Advertisement & Publicity	333,888.00	387,884.00
6	Bank Commission & Other Charges	118,908.36	
7	Travelling & Conveyance Expenses	337,155.71	566,527.00
8	Power & Fuel	373,234.13	137,868.00
9	Stationary& Printing	853,184.00	120,705.00
10	Auditors Remuneration	65,250.00	65,250.00
11	Office Upkeep & Maintanace Expenses	102,621.00	
12	Repairs & Maintanance	17,623.00	
13	Office Administrative & Other Expenses	437,732.14	216,524.28
	Total	5,888,047.65	3,605,599.28



JKB Financial Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2013

NOTE 17; 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') prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

B. USE OF ESTIMATES:

The preparation of consolidated financial statements in conformity with AS and GAAP requires 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 are known/ materialized.

C. REVENUE RECOGNITION AND EXPENDITURE BOOKING:

Revenue is generally recognised on the accrual basis unless otherwise stated and Expenditure is also accounted for on accrual basis except some miscellaneous non material items which are accounted for on cash basis.

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:

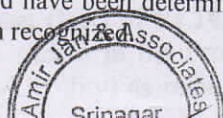
a) Tangible Assets - Depreciation is provided on Written Down Value (WDV) Method at the rate and in the manner prescribed in the Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs 5,000 are entirely depreciated in the year of acquisition, however, assets having value of less than Rs. 5000 acquired from Holding Company shall be charged depreciation on normal rates.

b) Intangible Assets – Software are amortized over estimated useful life of 5 years or period of License which ever is less.

However the company has policy of depreciating the Mobile Phones within two years of purchase.

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 asset is 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 are 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:

Contribution to provident fund and other employee benefits are charged off to profit & loss account and is made strictly as per AS-15(Revised 2005) issued by the Institute of Chartered Accountants of India.

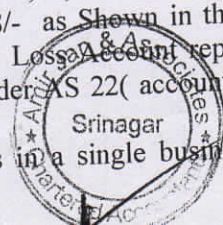
I. TAXATION

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 crystallise. 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, 2013

NOTE - 18 : NOTES TO THE FINANCIAL STATEMENTS:

1. The Company has increased its Paid Up Capital from Rs. Five Crores to Rs. Ten by issuing 50 Lac shares of Rs 10 each to the holding company in its Board Meeting Dated 22nd November, 2012.
2. The operating income of the company amounting Rs 1,53,67,926.54/-, comprises of the broking commission and Depository Income of RS. 1,23,12,443.02 and Rs. 30,55,483.52 . The company was operating as the Authorized person of the HSBC ltd till 28th February, 2013 and started its full-fledged broking operations w.e.f 1st March,2013.The company started its DP operations of CDSL and NSDL w.e.f January,2013 respectively.
3. The Company has utilized the infrastructure and manpower of its holding Company viz . J & K Bank Ltd and paid Rs 94,54,094.71/- under various heads as claimed by the Bank, on reasonable estimation basis and after mutual discussion limiting the same to income earned on broking services till JKBFSL gets fully operational i.e 31st December, 2012.
4. The company has taken short term loan of Rs. 60.00 Lacs from the apex Branch of J&K Bank secured against the FDR of Rs. 3.00 Crores pledged with the bank.
5. Trade Receivables include Bills Receivable Demat A/c of Rs. 21,25,308.87 taken over from Holding Company against cash consideration. The receivables are considered good by the management because the receivables were taken from the Holding Company with the condition that if any amount in this account remains unrecovered till 31.03.2016 the same shall be taken back by the holding company.
6. Preliminary Expenses includes expenses incurred prior to incorporation period amounting to Rs.5,15,885/-. As a matter of accounting policy 1/10th of the same has been written off through Profit and Loss Account in the Current Year as well, thus reducing the balance in this account to Rs.2,57,940/-.
7. The deferred tax asset (Net) of Rs.14,03,038/- as Shown in the Balance Sheet and Rs. 7,54,827/- shown in the Profit and Loss Account represents the Net deferred Tax (asset-Liability) as required under AS 22(accounting for taxes on income).
8. Segment Reporting- The Company operates in a single business segment and hence no further disclosure is being made.



JKB Financial Services Limited

9. Related Parties Disclosures

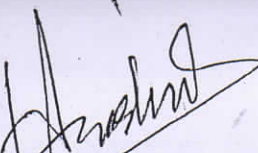
- a) Relationships: Holding Company-The Jammu & Kashmir Bank Ltd
b) Key Management Personnel:-
Mr. Mushtaq Ahmad – Chairman
Mr. Abdul Rashid –Managing Director
Mr. Parvez Ahmad, Director
c) Disclosure of transactions between the Company and related parties and the status of outstanding balances as at the year end.

Particulars	2012-13 (Rs)	2011-12 (Rs)
Holding Company	2,37,23,171.28/-(Cr)	93, 84,332.28/-(Cr)


10. 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	2012-13 (Rs.)	2011-12 (Rs.)
Profit/(Loss) after taxation;	(18,04,304.84)	(17,511,49.56)
Weighted average Number of equity Shares outstanding	1,00, 00,000	50,00,000
Basic and diluted earnings per share in Rupees. (face- value Rs. 10/- per share)	(0.18)	(0.35)


Mushtaq Ahmad
Chairman


Abdul Rashid
Managing Director

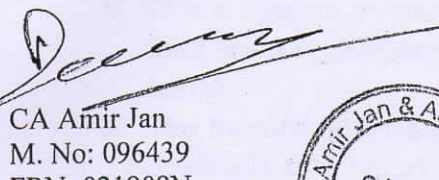

Parvez Ahmad
Director


Mohammad Shafi
Secretary

Place: Srinagar
Dated: 13-05-2013

In terms of our report of even date annexed

For Amir Jan & Associates
Chartered Accountants


CA Amir Jan
M. No: 096439
FRN: 021909N
Place: Srinagar
Dated: 13-05-2013

