

## INDEPENDENT AUDITOR'S REPORT

To the Members of

### **JKB Financial Services Limited Srinagar (J&K)**

1. We have audited the attached Balance Sheet of M/s. JKB FINANCIAL SERVICES LIMITED Srinagar, as at 31<sup>st</sup> March, 2014 and Profit & Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **2. Management's Responsibility for the Financial Statement**

The Company's Management is responsible for 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 standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

### **3. Auditors' Responsibility**

3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

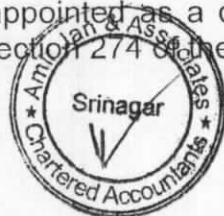
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and;
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Report on Other Legal and Regulatory Requirements

5.1 As required by 'the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

5.2 As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

Place: Srinagar  
Dated: 13<sup>th</sup> May, 2014

**For Amir Jan & Associates**  
**CHARTERED ACCOUNTANTS**



**(Amir Jan)**  
**Partner**  
**M.No: 096439**



## ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

i.

- (a). The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b). As explained to us, the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c). In our opinion and according to the information and explanations given to us, the company has not disposed off substantial part of the fixed assets during the year.

ii.

- (a). The company does not have inventory.
- (b). N.A
- (c). N.A.

iii.

- a. According to information & explanation given to us the company has not granted any unsecured interest free loan to any party covered in the register maintained under Section 301 of the Companies Act, 1956.
- b. N.A.

iv.

In our opinion, and according to the information and explanations given to us, there are adequate internal control System commensurate with the size of the company and the nature of its business, for the purchase of fixed assets and for services rendered by the company. Further, during the course of our audit we have neither come across nor have been informed of any major weakness in the internal control systems.

v.

- (a). According to the information and explanations given to us the company has not entered in to any transactions with parties referred to in section 301 of the Companies Act, 1956 except otherwise as separately disclosed in the notes to the accounts.
- (b). In our opinion and according to the information and explanations given to us , no transactions have been made in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Companies Act,1956 exceeding the value of rupees 5 lacs in respect of any party during the year. Except otherwise as separately disclosed in the notes to the accounts.

vi.

The company has not accepted deposits from the public within the meaning of sections 58 A and 58 AA or any other relevant provisions of the Companies Act,1956 and the Rules framed there under. We are informed that no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve bank of India or any other Court or any other Tribunal.



- vii. The company has adequate internal audit system commensurate with the size and nature of its business.
- viii. To the best of our knowledge and as explained, the Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act.
- ix. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales tax, wealth-tax, service tax, custom duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and on the basis of our examination of the books of account, there are no disputed dues of sales-tax, income-tax, customs duty, service tax, wealth-tax, excise duty and cess as at March 31 2014.
- ix. The company has accumulated losses of Rs 1,48,96,943.75 at the end of the financial year and it has incurred cash losses Rs 1,72,76,951.62 in the financial year covered by our report and Rs.22,54,880.47 in the immediately preceding financial year.
- x. According to the records of the company examined by us and to the information and explanations given to us, the company has borrowings from banks in respect of Loan against FDRs and has no borrowings from financial institutions and has not issued debentures. However there is no default in payment of loan to bank.
- xi. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- xiii. The company is dealing/trading in shares, securities, debentures and other investments as Stock Broker of NSE and BSE, in our opinion proper records in relation to the transactions and contracts carried out by the company as required under the SEBI Act, Securities Contract and Regulation Act, the regulations formed therein and in compliance to the norms established by the Stock Exchanges (NSE & BSE) have been maintained at the FSC's and Head office of the company and timely entries have been made therein





Further, the company is not having investment in shares, securities, debentures and other securities.

- xiv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by other from banks or financial institutions.
- xv. In our opinion, and according to the information and explanations given to us, no term loan has been raised during the year except short term borrowing against the FDRs.
- xvi. According to the information and explanations given to us and based on the overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xvii. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- xviii. No debentures have been issued by the company during the year under audit.
- xix. The company has not raised money by public issues during the year under audit.
- xx. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have been informed of any such case by the management.

Place: Srinagar

Dated: 13<sup>th</sup> May, 2014

**For Amir Jan & Associates**

CHARTERED ACCOUNTANTS



(Amir Jan)

Partner

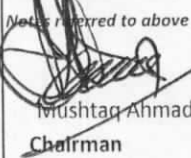
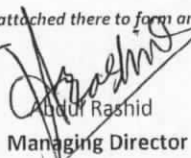
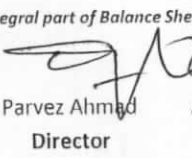

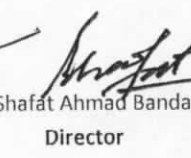
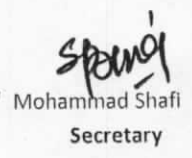
M.No: 096439

**JKB FINANCIAL SERVICES LIMITED**  
Corporate Headquarters J&K Bank, M. A. Road Srinagar  
BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note	Figures as on 31.03.2014	Figures as on 31.03.2013
		Amount (Rs)	Amount (Rs)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	100,000,000.00	100,000,000.00
(b) Reserves and Surplus	2	(14,896,943.75)	(689,966.40)
<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	875,228.95	781,289.40
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings		-	6,000,000.00
(b) Other Current Liabilities	4	77,097,282.29	19,758,152.88
(c) Short-Term Provisions	5	143,304.00	65,250.00
<b>Total Equity &amp; Liabilities</b>		<b>163,218,871.49</b>	<b>125,914,725.88</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
<b>(a) Fixed Assets</b>			
<b>1. Tangible Assets</b>			
(i) Gross Block		16,621,374.40	5,400,613.40
(ii) Depreciation		3,490,502.59	245,870.73
(iii) Net Block		13,130,871.81	5,154,742.67
<b>2. In-Tangible Assets</b>			
(i) Gross Block		159,750.00	159,750.00
(ii) Depreciation		42,541.64	10,591.64
(iii) Net Block		117,208.36	149,158.36
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	7	7,801,183.12	1,403,038.00
(d) Long term loans and advances (Security Deposits)	8	16,925,000.00	16,625,000.00
<b>(2) Current Assets</b>			
(a) Trade Receivables	9	3,650,748.38	5,314,416.66
(b) Inventories		-	-
(d) Cash and cash equivalents	10	92,206,471.07	85,332,221.69
(e) Short-term loans and advances		-	-
(f) Other current assets	11	29,387,388.75	11,936,148.55
<b>Total Assets</b>		<b>163,218,871.49</b>	<b>125,914,725.93</b>

**NOTES TO ACCOUNTS**

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

 Mushtaq Ahmad  
 Abdul Rashid  
 Parvez Ahmad  
 Abdul Hamid Bandy  
 Shafat Ahmad Bandy  
 Mohammad Shafi  
 Chairman      Managing Director      Director      Director      Director      Secretary

Place: Srinagar

Date: 13-05-2014

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

**FOR AMIR JAN & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

Firm Reg. No.: 021909N

CA Amir Jan (Partner)

Membership No. : 096439

Place: Srinagar

Date: 13-05-2014





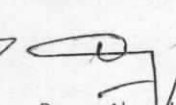
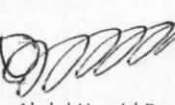
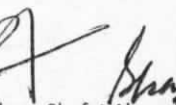
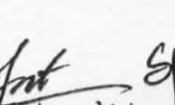
# JKB FINANCIAL SERVICES LIMITED

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

## PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

Sr. No	Particulars	Note	Figures for the Year 2013-14	Figures for the Year 2012-13
			Amount (Rs)	Amount (Rs)
I	Revenue from Operations	12	29,327,677.69	15,367,926.54
II	Other Income	13	6,396,096.00	7,254,148.35
III	<b>III. Total Revenue (I +II)</b>		<b>35,723,773.69</b>	<b>22,622,074.89</b>
IV	<b>Expenses:</b>			
	Employee Benefit Expense	14	32,226,096.80	18,985,619.71
	Financial Costs		36,871.00	3,288.00
	Depreciation and Amortization Expense	15	3,328,170.86	304,251.37
	Other Administrative Expenses	16	20,737,757.51	5,888,047.65
	<b>Total Expenses (IV)</b>		<b>56,328,896.17</b>	<b>25,181,206.73</b>
V	Profit before exceptional and extraordinary items and tax	(III - IV)	<b>(20,605,122.48)</b>	<b>(2,559,131.84)</b>
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		<b>(20,605,122.48)</b>	<b>(2,559,131.84)</b>
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		<b>(20,605,122.48)</b>	<b>(2,559,131.84)</b>
X	<b>Tax expense:</b>			
	(1) Current tax		-	-
	(2) Deferred tax (Net)		6,398,145.13	754,827.00
XI	Profit(Loss) from the period from continuing operations	(IX-X)	<b>(14,206,977.35)</b>	<b>(1,804,304.84)</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>(14,206,977.35)</b>	<b>(1,804,304.84)</b>
XVI	Earning per equity share:			
	(1) Basic		(1.42)	(0.18)
	(2) Diluted		(1.42)	(0.18)

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

 Mushatq Ahmad Chairman	 Abdul Rashid Managing Director	 Parvez Ahmad Director	 Abdul Hamid Banday Director	 Shafat Ahmad Banday Director	 Mohammad Shafi Secretary
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Place: Srinagar  
Date: 13-05-2014

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

**FOR AMIR JAN & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No.: 021909N

CA Amir Jan (Partner)  
Membership No. 096439

Place: Srinagar  
Date: 13-05-2014





# JKB FINANCIAL SERVICES LIMITED

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

## Cash Flow Statement for the Year 2013-14

	Year Ended 31st March, 2014	Year Ending 31st March, 2013
	Amount (Rs)	Amount (Rs)
<b>Cash Flow Operating Activities</b>		
Net Profit After Tax	(14,206,977.35)	(1,804,304.84)
<b>Adjustments for</b>		
1) Depreciation	3,276,581.86	252,662.37
2) Preliminary Expenses	51,589.00	51,589.00
3) Interest Income	(6,224,419.00)	(656,541.00)
Deffered Tax (Credited To P&L Account)	(6,398,145.13)	(754,827.00)
Operatig Profit Before Working Capital Change	(23,501,370.62)	(2,911,421.47)
<b>Change in Working Capital</b>		
Trade & Other Receivables Increase/ Decrease	(15,839,160.97)	(8,393,587.41)
Trade & Other Payables Increase/ Decrease	51,511,122.96	16,086,827.77
<b>Net Cash Generated from Operations (A)</b>	<b>12,170,591.37</b>	<b>4,781,818.89</b>
<b>Cash Flow Investing Activities</b>		
Increase/Decrease In Fixed assets	(11,220,761.00)	(5,560,879.92)
Interest Income	6,224,419.00	656,541.00
Increase/ Decrease in Security Deposits	(300,000.00)	(16,025,000.00)
<b>Net cash flow from investing activities (B)</b>	<b>(5,296,342.00)</b>	<b>(20,929,338.92)</b>
<b>Cash Flow Financing Activities</b>		
Increase in Equity Share capital	-	50,000,000.00
<b>Net Cash Flow Financing Activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)</b>	<b>6,874,249.37</b>	<b>33,852,479.97</b>
Opening Cash & Cash Equivalents	85,332,221.69	51,479,741.72
Closing Cash & Cash Equivalents	92,206,471.06	85,332,221.69
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 20%;"> <p>Mushfaq Ahmad Chairman</p> </div> <div style="width: 20%;"> <p>Abdul Rashid Managing Director</p> </div> <div style="width: 20%;"> <p>Parvez Ahmad Director</p> </div> <div style="width: 20%;"> <p>Abdul Hamid Banday Director</p> </div> <div style="width: 20%;"> <p>Shafat Ahmad Banday Director</p> </div> <div style="width: 20%;"> <p>Mohammad Shafi Secretary</p> </div> </div>		
Place: Srinagar Date: 13-05-2014		
This is the Cash Flow Statement referred to in our Report of even date.		
FOR AMIR JAN & ASSOCIATES CHARTERED ACCOUNTANTS Firm Reg. No.: 021909N		
CA Amir Jan (Partner) Membership No.: 096439		
Place: Srinagar Date: 13-05-2014		



# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st  
MARCH, 2014

## Note : 1 Share Capital

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	<b>AUTHORIZED CAPITAL</b>		
	2,00,00,000 Equity Shares of Rs. 10/- each.	200,000,000.00	
	1,00,00,000 Equity Shares of Rs. 10/- each		100,000,000.00
		200,000,000.00	100,000,000.00
2	<b>ISSUED , SUBSCRIBED &amp; PAID UP CAPITAL</b>		
	100,00,000 Equity Shares of Rs. 10/- each.	100,000,000.00	100,000,000.00
	<b>Total</b>	<b>100,000,000.00</b>	<b>100,000,000.00</b>

## Note : 2 Reserve & Surplus

Sr. No	Particulars	Current Year	Previous Year
1	Capital Reserve		-
2	Revaluation Reserve		-
3	Other Reserve		-
4	Surplus (Profit & Loss Account)	(689,966.40)	1,114,338.44
	Balance brought forward from previous year	(689,966.40)	1,114,338.44
	Less: Tax on Regular Assessment Paid		
	Add: Profit for the period	(14,206,977.35)	(1,804,304.84)
	<b>Total</b>	<b>(14,896,943.75)</b>	<b>(689,966.40)</b>

## Note : 3 Other Non Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	Client Deposits (NSDL)	723,851.78	640,607.13
2	Client Deposits (CDSL)	102,259.17	117,294.27
3	Retention Money	49,118.00	23,388.00
	<b>Total</b>	<b>875,228.95</b>	<b>781,289.40</b>

## Note : 4 Other Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	J&K Bank (Holding Company)	49,340,377.78	17,723,171.28
2	Client Control A/C	24,039,673.04	1,028,101.50
3	Sundry Creditors	193,321.72	482,762.00
4	Stamp Charges JK	13,588.14	3,895.40
5	Securities Transaction Tax	72,116.75	4,470.00
6	SEBI Turnover Charges	910.68	3,291.70
7	TDS Payable	36,937.08	378,124.00
8	Education Cess Payable	986.70	-
9	Higher Education Cess Payable	493.19	-
10	Expenses Payable	3,314,929.89	79,515.00
11	Expenses Payable (FSC)	-	25,081.00
12	Other Current Liabilities:	48,587.02	29,741.00
13	Exchange Dues	35,360.30	-
	<b>Total</b>	<b>77,097,282.29</b>	<b>19,758,152.88</b>

## Note : 5 Short Term Provisions

Sr. No	Particulars	Current Year	Previous Year
1	Audit Fee Payable	102,360.00	50,250.00
2	Provision for Tax Audit	40,944.00	15,000.00
	<b>Total</b>	<b>143,304.00</b>	<b>65,250.00</b>



## JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

Note : 6 Fixed Asset

1. Fixed Assets

Sr. No	Particulars	Rate	Gross Block				Depreciation				Net Block		
			Value at the beginning	Addition during the year	Deducti on	Value at the end	Value at the beginning	Addition during the year	Deducti on	Value at the end	MDV as on 01.04.2013	MDV as on 31.03.2014	
I	Tangible Assets												
	Furniture Fixture	18.10%	1372145.94	5521813.00		6893958.94	61239.06	1049123.69		1110362.75	1310906.88	5783596.19	
	Plant & Machinery	13.91%	3488335.54	1782373.00		5270708.54	119645.13	583345.56		702990.69	3368690.41	456717.85	
	Computers	40.00%	520549.78	3865893.00		4386442.78	51341.90	1574011.44		1625353.34	469207.88	2761089.44	
	Mobile Phones	50.00%	19475	48300.00		67775.00	13537.5	35769.17		49306.67	5937.50	18468.33	
	Library Books	100.00%	107.14	2382.00		2489.14	107.14	2382.00		2489.14	0.00	0.00	
	Sub-Total		5400613.40	11220761.00		16621374.40	245870.73	3244631.86		3490502.59	5154742.67	13130871.81	
II	Intangible Assets											0.00	
1	Software	20%	159750.00	0.00		159750.00	10591.64	31950.00		42541.64	149158.36	117208.36	
	Sub-Total		159750.00	0.00		159750.00	10591.64	31950.00		42541.64	149158.36	117208.36	
	Total		5,560,363.40	11,220,761.00	-	16,781,124.40	256,462.37	3,276,581.86	-	3,533,044.23	5,303,901.03	13,248,080.17	



## JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2014

**Note: 7 Deferred Tax**

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
i) <u>Deferred Tax Asset</u>		8,131,904	1,454,924
ii) <u>Deferred Tax Liability</u>		(330,721)	(51,886)
	<b>Deferred Tax Asset(NET)</b>	<b>7,801,183</b>	<b>1,403,038</b>

**Note : 8 Long Term Loans and Advances**

Sr. No	Particulars	Current Year	Previous Year
	<b>Security Deposit &amp; Margin Deposits</b>		
1	<u>Secured, Considered Good :</u>		
2	NSCCL	4,000,000.00	4,000,000.00
3	NSE	11,000,000.00	11,000,000.00
4	BSE	1,000,000.00	1,000,000.00
5	ICCL(BSE)	125,000.00	125,000.00
6	CDSL	500,000.00	500,000.00
7	HCL COMNET	300,000.00	-
	<b>Total</b>	<b>16,925,000.00</b>	<b>16,625,000.00</b>

**Note : 9 Trade Receivables**

Sr. No	Particulars	Current Year	Previous Year
1	Bills Receivable Demat (TO)	1,883,222.81	2,125,308.87
2	Brokerage Receivable (HSBC)	-	1,500,068.44
3	Demat Receivables	1,767,525.57	878,356.12
4	Commission Receivable	-	810,683.23
	<b>Total</b>	<b>3,650,748.38</b>	<b>5,314,416.66</b>

**Note : 10 Cash & Cash Equivalent**

Sr. No	Particulars	Current Year	Previous Year
	<b>Bank Balance</b>		
1	In Current Account (CA0042)	861,465.77	300,621.66
2	BANK BALANCE (FSC EXPENDITURE A/C)	1,939,765.74	1,927,241.47
3	JKBFSL Mutual Fund Income A/c	27,730.67	-
4	BANK BALANCE (FSC INCOME A/C)	2,273.20	445,967.61
5	HDFC BSE CM SETTLEMENT	1,794,486.07	-
6	HDFC Client Account - 04150340000123	90,000.00	-
7	HDFC NSE FnO CLIENT A/C	10,000.00	-
8	HDFC NSE FnO SETTLEMENT	842,687.75	-
9	HDFC BSE CM CLIENT	10,000.00	10,000.00
10	HDFC NSE BUSINESS	55,200.96	18,426.96
11	HDFC NSE CASH SETTLEMENT	12,101,265.11	618,452.90
12	HDFC NSE EXCHANGE DUE	157,597.83	10,000.00
13	Head Office Income Account	1,959,128.86	1,036,703.23
14	JKBFSL CLIENT ACCOUNT	2,347,495.11	964,807.86
15	E-Payment of Taxes A/c	7,374.00	-
16	Fixed Deposit with J&K Bank	70,000,000.00	80,000,000.00
	<b>Total</b>	<b>92,206,471.07</b>	<b>85,332,221.69</b>

**Note :11 Other Current Assets**

Sr. No	Particulars	Current Year	Previous Year
1	Exchange Obligation Account	10,888,507.96	685,588.75
2	Interest Receivable	2,602,426.00	6,247,280.00
3	Additional Margin Deposit (BSE)	1,000,000.00	-
4	Omnesys Technologies	-	175,563.00
5	<u>Advance Income Tax/TDS</u>		
a)	On Commission	2,313,318.00	2,076,710.00
b)	On interest on FDR's	1,791,201.00	544,028.00
6	Prepaid Hosting Charges	-	983,150.00
7	Client Control A/C (Dr)	10,127,584.79	950,888.80
8	PDD Sgr.	428,000.00	0.00
9	Preliminary Expenses (Not Written Off)	206,351.00	257,940.00
10	Prepaid Expenses/Advance (Others)	30,000.00	15,000.00
	<b>Total</b>	<b>29,387,388.75</b>	<b>11,936,148.55</b>



# JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st  
MARCH, 2014

## Note : 12 Income from operations

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Brokerage Income A/C	20,355,066.04	163,214.02
2	Demat Income A/c	6,459,727.11	2,035,401.82
3	Other Depository Income A/c	507,348.69	1,020,081.70
4	DP Pool Charges A/c	339,505.69	-
5	PayIn Delay Charges A/c	1,303,470.20	-
6	Broking Commission (AP) A/C	335,521.00	12,149,229.00
7	Mutual Fund Commission	27,038.96	-
	<b>Total in Rs</b>	<b>29,327,677.69</b>	<b>15,367,926.54</b>

## Note : 13 Other Income

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Interest Earned on FDR's	6,224,419.00	6,903,821.00
2	Other Receipts	171,677.00	40,118.00
3	Waiver Recovery Deposits	-	303,440.39
4	Over Due Charges	-	6,768.96
	<b>Total in Rs</b>	<b>6,396,096.00</b>	<b>7,254,148.35</b>

## Note : 14 Employment Benefit Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Salary A/C	608,890.30	510,015.00
2	Mangerial Remuneration (MD) A/C	1,641,732.00	1,308,129.00
3	Salary (Staff on Deputation)	29,975,474.50	17,167,475.71
	<b>Total in Rs</b>	<b>32,226,096.80</b>	<b>18,985,619.71</b>

## Note : 15 Depreciation & Amortised Cost

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Depreciation A/c	3,276,581.86	252,662.37
2	Preliminary Expenses W/O	51,589.00	51,589.00
	<b>Total</b>	<b>3,328,170.86</b>	<b>304,251.37</b>

## Note : 16 Other Administrative Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Membership & Subscription Fee	1,612,855.97	164,664.00
2	Rent ,Rates & Taxes	5,042,141.92	338,245.00
3	Communication & Connectivity Cost	2,771,063.22	1,013,992.31
4	Legal & Professional Charges	196,591.00	151,488.00
5	Advertisement & Publicity	24,919.00	333,888.00
6	Bank Commission & Other Charges	442,869.33	118,908.36
7	Travelling & Conveyance Expenses	492,704.00	337,155.71
8	Power & Fuel	1,050,468.80	373,234.13
9	Stationary& Printing	670,364.32	853,184.00
10	Auditors Remuneration	284,056.00	65,250.00
11	Office Upkeep & Maintanace Expenses	626,667.50	102,621.00
12	Repairs & Maintanance	137,883.00	17,623.00
13	Office Administrative & Other Expenses	1,147,097.41	368,097.14
14	Postage & Telephone	631,083.64	69,635.00
15	Ideal-X Hosting Charges	5,606,992.40	1,580,062.00
	<b>Total</b>	<b>20,737,757.51</b>	<b>5,888,047.65</b>





**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED  
MARCH 31, 2014**

**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 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:**

Revenue is recognized on the accrual basis as per the provisions of AS-9.

**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 whichever 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 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..



# JKB Financial Services Limited

## 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:

All the Employees are 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 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, 2014**

### **NOTE - 18: NOTES TO THE FINANCIAL STATEMENTS:**

1. The Company has increased its Authorised Capital from Rs. Ten Crores to Rs. Twenty in its Annual General Meeting dated 11<sup>th</sup> September, 2013.
2. The operating income of the company amounting Rs 29,327,677.69 comprises of the broking commission and Depository Income of Rs. 20,355,066.04 and Rs. 69,67,075.80 . The company is operating as a Stock Broker of NSE (Cash & F&O) and BSE (Cash) and as Depository Participants of CDSL and NSDL Depositories.
3. 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.2,06,351/-.
4. The deferred tax asset (Net) of Rs. 7,801,183.12 as Shown in the Balance Sheet and Profit and Loss Account represents the Net deferred Tax (asset-Liability) as required under AS 22( accounting for taxes on income).
5. Provision of rent includes rent of Rs.7,17,101/- for the period 01.01.2013 to 31.03.2013 (prior period expenses).
6. Segment Reporting- The Company operates in a single business segment and hence no disclosure is being made.
7. Previous year figures are regrouped and rearranged wherever required.
8. 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  
Mr. Om Prakash Sharma, Director  
Mr. Abdul Hamid Banday, Director  
Mr. Shafat Ahmad Banday, Director  
Mr. Mohammad Shafiq Secretary




## JKB Financial Services Limited

- 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. (INR)
Deposits/Balance in Bank Accounts	75166245
Interest /Commission Paid	479624
Interest /Commission Received	6224419
Sale/Transfer of Fixed Assets	719399
Reimbursement of Expenditure	
i. Revenue	336999
ii. Capital	5075004
Disbursement on Behalf of JKBFSL (Establishment)	31136074


9. 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	2013-14 (Rs.)	2012-13 (Rs.)
Profit/ (Loss) after taxation	(14,206,977.35)	(18,04,384.84)
Weighted average Number of equity Shares outstanding	1,00,00,000	1,00,00,000
Basic and diluted earnings per share in Rupees. (face- value Rs. 10/- per share)	(1.42)	(0.18)

  
Mushtaq Ahmad  
Chairman

  
Abdul Rashid  
Managing Director

  
Parvez Ahmad  
Director

  
Abdul Hamid Bandy  
Director

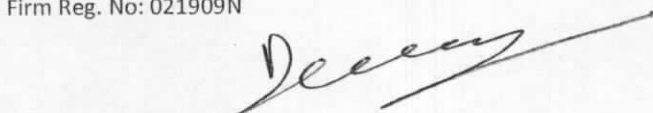
  
Shafat Ahmad Bandy  
Director

  
Mohammad Shafi Mir  
Secretary

Place: Srinagar  
Dated: 13-05-2014

In terms of our report of even date annexed

For Amir Jan & Associates  
Chartered Accountants  
Firm Reg. No: 021909N

  
CA Amir Jan (Partner)  
M. No: 096439  
Place: Srinagar  
Dated: 13-05-2014

