



INDEPENDENT AUDITOR'S REPORT

To the Members of

JKB Financial Services Limited Srinagar (J&K)

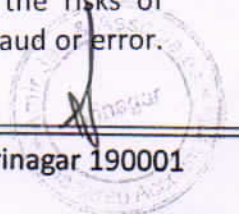
1. We have audited the attached Balance Sheet of M/s. JKB FINANCIAL SERVICES LIMITED Srinagar, as at 31st March, 2015 and Profit & Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statement

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

3. Auditors' Responsibility

- 3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
- 3.2 We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
- 3.3 An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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.



In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

- 3.4 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

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, 2015;
- (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

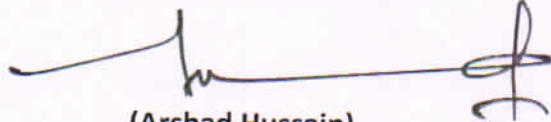
1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- (f) 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. As informed to us the Company has no pending litigations as such no disclosure in its financial statements is required.
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Srinagar
Dated: 14-05-2015

For Amir Jan & Associates
CHARTERED ACCOUNTANTS



(Arshad Hussain)
Partner
M.No: 521477



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2015, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the year the company has written off fixed Assets which were damaged/lost due to flood occurred during September 2014 in J&K state.

(ii) The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted loans to any bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of wealth tax, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.



(viii) The company has accumulated losses of Rs. 1,60,57,365.67 at the end of the financial year and it has incurred no cash losses during the financial year covered by our report and has incurred cash losses of Rs 1,72,76,951.68 in the immediately preceding financial year.

(ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

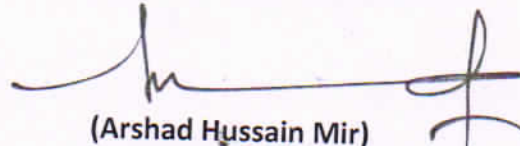
(x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xi) The Company did not have any term loans outstanding during the year.

(xii) According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

Place: Srinagar
Dated: 14-05-2015

**FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS**



(Arshad Hussain Mir)
Partner
M.No: 521477



JKB FINANCIAL SERVICES LIMITED
Corporate Headquarters J&K Bank, M. A. Road Srinagar
BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note	Figures as on 31.03.2015	Figures as on 31.03.2014
		Amount (Rs)	Amount (Rs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	20,00,00,000.00	10,00,00,000.00
(b) Reserves and Surplus	2	(1,60,57,365.67)	(1,48,96,943.75)
(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	8,68,337.62	8,75,228.83
(4) Current Liabilities			
(a) Short-Term Borrowings		-	-
b)Other Current Liabilities	4	9,84,09,421.06	7,70,97,282.29
(c) Short-Term Provisions	5	1,79,690.00	1,43,304.00
Total Equity & Liabilities		28,34,00,083.01	16,32,18,871.37
II.ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
1. Tangible Assets			
(i) Gross Block		1,30,91,254.90	1,66,21,374.40
(ii) Depreciation		66,45,070.70	34,90,502.59
(iii) Net Block		64,46,184.20	1,31,30,871.81
2. In- Tangible Assets			
(i) Gross Block		3,24,145.00	1,59,750.00
(ii) Depreciation		2,41,947.50	42,541.64
(iii) Net Block		82,197.50	1,17,208.36
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	7	83,20,098.21	78,01,183.00
(d) Long term loans and advances (Security Deposits)	8	1,69,25,000.00	1,69,25,000.00
(2) Current Assets			
(a) Trade Receivables	9	44,70,873.62	36,50,748.38
(b) Inventories		-	-
(d) Cash and cash equivalents	10	21,40,91,858.68	9,22,06,471.07
(e) Short-term loans and advances		-	-
(f) Other current assets	11	3,30,63,870.80	2,93,87,388.75
Total Assets		28,34,00,083.01	16,32,18,871.37

NOTES TO ACCOUNTS 17 0.00

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

Mushtaq Ahmad Chairman
 Abdul Rashid Managing Director
 Parvez Ahmad Director
 Roop Krishan Shah Director
 M Syed Wani Director
 Nissar Ahmad Koul Director
 G G Sawhney Director
 Mohammad Shafi Secretary

Place: Srinagar
Date: 14-05-2015

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

FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.: 021909N
CA Arshad Hussain Mir (Partner)
Membership No. : 521477
Place: Srinagar
Date: 14-05-2015

JKB FINANCIAL SERVICES LIMITED
Corporate Headquarters J&K Bank, M.A Road Srinagar
PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2015

Sr. No	Particulars	Note	Figures for the Year 2014-15	Figures for the Year 2013-14
I	Revenue from Operations		Amount (Rs)	Amount (Rs)
II	Other Income	12	5,06,61,163.80	2,93,27,677.69
III		13	1,64,46,720.81	63,96,096.00
IV	III. Total Revenue (I +II)		6,71,07,884.61	3,57,23,773.69
	Expenses:			
	Employee Benefit Expense			
	Financial Costs	14	3,53,58,186.48	3,22,26,096.80
	Depreciation and Amortization Expense & Written offs		28,688.00	36,871.00
	Other Administrative Expenses	15	89,98,676.97	33,28,170.86
		16	2,44,01,670.23	2,07,37,757.51
	Total Expenses (IV)		6,87,87,221.68	5,63,28,896.17
V	Profit before exceptional and extraordinary items and tax		(16,79,337.07)	(2,06,05,122.48)
VI	Exceptional Items	(III - IV)	-	-
VII	Profit before extraordinary items and tax (V - VI)		(16,79,337.07)	(2,06,05,122.48)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		-	-
X	Tax expense:		(16,79,337.07)	(2,06,05,122.48)
	(1) Current tax		-	-
	(2) Deferred tax (Net)		5,18,915.15	63,98,145.13
XI	Profit(Loss) from the period from continuing operations		(11,60,421.92)	(1,42,06,977.35)
XII	Profit/(Loss) from discontinuing operations	(IX-X)	-	-
XIII	Tax expense of discounting operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		(11,60,421.92)	(1,42,06,977.35)
XVI	Earning per equity share:			
	(1) Basic		(0.06)	(1.42)
	(2) Diluted		(0.06)	(1.42)

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

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Mushtaq Ahmad
Chairman

Abdul Bashid
Managing Director

Parvez Ahmad
Director

Roop Krishan Shah
Director

M Syed Wani
Director

Nissar Ahmad Koul
Director

G G Sawhney
Director

Mohammad Shafi
Secretary

Place: Srinagar
Date: 14-05-2015

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

FOR AMIR JAN & ASSOCIATES
CHARTERED ACCOUNTANTS

Firm Reg. No.: 021909N



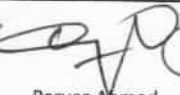
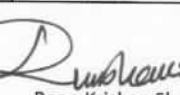
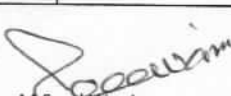
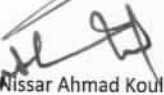
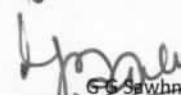
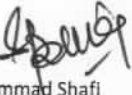
CA Arshad Hussain Mir (Partner)

Membership No. 521477

Place: Srinagar
Date: 14-05-2015

JKB FINANCIAL SERVICES LIMITED
Corporate Headquarters J&K Bank M. A. Road Srinagar
Cash Flow Statement for the Year 2014-15

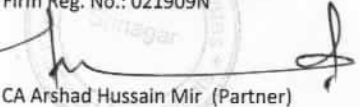
	Year Ended 31st March,2015	Year Ending 31st March,2014
	Amount (Rs)	Amount (Rs)
Cash Flow Operating Activities		
Net Profit After Tax	(11,60,421.92)	(1,42,06,977.35)
Adjustments for		
1) Depreciation	89,47,087.97	32,76,581.86
2) Preliminary Expenses	51,589.00	51,589.00
3) Interest Income	(1,63,92,805.81)	(62,24,419.00)
Deffered Tax (Credited To P&L Account)	(5,18,915.15)	(63,98,145.13)
Operating Profit Before Working Capital Change	(90,73,465.91)	(2,35,01,370.62)
Change in Working Capital		
Trade & Other Receivables Increase/ Decrease	(45,48,196.35)	(1,58,39,160.97)
Trade & Other Payables Increase/ Decrease	2,13,41,633.56	5,15,11,122.96
Net Cash Generated from Operations (A)	77,19,971.30	1,21,70,591.37
Cash Flow Investing Activities		
Increase/Decrease In Fixed assets	(22,27,389.50)	(1,12,20,761.00)
Interest Income	1,63,92,805.81	62,24,419.00
Increase/ Decrease in Security Deposits	-	(3,00,000.00)
Net cash flow from investing activities (B)	1,41,65,416.31	(52,96,342.00)
Cash Flow Financing Activities		
Increase in Equity Share capital	10,00,00,000.00	-
Net Cash Flow Financing Activities (C)	10,00,00,000.00	-
Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)	12,18,85,387.61	68,74,249.37
Opening Cash & Cash Equivalents	9,22,06,471.07	8,53,32,221.69
Closing Cash & Cash Equivalents	21,40,91,858.68	9,22,06,471.06

 Mushtaq Ahmad
 Chairman
 Abdul Rashid
 Managing Director
 Parvez Ahmad
 Director
 Roop Krishan Shah
 Director
 M Syed Wani
 Director
 Nissar Ahmad Koul
 Director
 G G Sawhney
 Director
 Mohammad Shafi
 Secretary

Place: Srinagar
 Date: 14-05-2015

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 Arshad Hussain Mir (Partner)
 Membership No. : 521477

Place: Srinagar
 Date: 14-05-2015

JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st
MARCH, 2015**

Note : 1 Share Capital

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	AUTHORIZED CAPITAL 20000000 Equity Shares of Rs. 10/- each.	20,00,00,000.00	20,00,00,000.00
2	ISSUED, SUBSCRIBED & PAID UP CAPITAL 20000000 Equity Shares of Rs. 10/- each. 10000000 Equity Shares of Rs. 10/- each	20,00,00,000.00	10,00,00,000.00
	Total	20,00,00,000.00	10,00,00,000.00

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)	(1,48,96,943.75)	(6,89,966.40)
	Balance brought forward from previous year	(1,48,96,943.75)	(6,89,966.40)
	Less: Tax on Regular Assessment Paid		
	Add: Profit for the period	(11,60,421.92)	(1,42,06,977.35)
	Total	(1,60,57,365.67)	(1,48,96,943.75)

Note : 3 Other Non Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	Client Deposits (NSDL)	7,27,664.62	7,23,851.78
2	Client Deposits (CDSL)	80,346.00	1,02,259.17
3	Retehntion Money	60,327.00	49,118.00
	Total	8,68,337.62	8,75,228.95

Note : 4 Other Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	J&K Bank (Holding Company)	8,43,82,564.26	4,93,40,377.78
2	Client Control A/C	60,56,034.63	2,40,39,673.04
3	Sundry Creditors	32,569.00	1,93,321.72
4	Stamp Charges JK	5,646.31	13,588.14
5	Securities Transaction Tax	32,253.30	72,116.75
6	Turnover Charges	-	910.68
7	TDS Payable	5,31,236.30	36,937.08
8	Education Cess Payable	1,140.74	986.70
9	Higher Education Cess Payable	570.14	493.19
10	Expenses Payable	59,38,053.53	33,14,929.89
11	Other Client Payable	162.92	-
12	Other Current Liabilities:	29,741.00	48,587.02
13	Exchange Obligation	13,66,300.45	-
14	Exchange Dues	-	35,360.30
15	SEBI TOT Charges	33,148.48	-
	Total	9,84,09,421.06	7,70,97,282.29

Note : 5 Short Term Provisions

Sr. No	Particulars	Current Year	Previous Year
1	Audit Fee Payable	1,23,390.00	1,02,360.00
2	Provision for Tax Audit	56,300.00	40,944.00
	Total	1,79,690.00	1,43,304.00



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2015

Note : 6 Fixed Asset
I. Fixed Assets

Sr. No	Particulars	Gross Block				Depreciation				Net Block		Amount (₹)	
		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 01.04.2014	WDV as on 31.03.2015		
I	Tangible Assets												
	Furniture Fixture	6893958.94	172760.00	5027072.00	2039646.94	1110362.75	1091141.73	1257857.88	943646.60	5783596.19	1096000.3		
	Plant & Machinery	5270708.54	317907.50	274544	5314072.04	702990.69	1051491.08	63715.28	1690766.49	4567717.85	3623305.5		
	Computers	4386442.78	1551327.00	291498	5646271.78	1623553.34	2444175.47	139635.34	3929893.47	2761089.44	1716378.3		
	Mobile Phones	67775	21000.00		88775.00	49306.67	28968.33		78275	18468.33	10500.00		
	Library Books	2489.14			2489.14	2489.14			2489.14	0.00	0.00		
	Sub-Total	16621374.40	2062994.50	5593114.00	13091254.90	3490502.59	4615776.61	1461208.5	6645070.7	13130871.81	6446184.2		
II	Intangible Assets				0.00						0.00		
	Software	159750.00	164395.00		324145.00	42541.64	199405.86		241947.5	117208.36	82197.50		
	Sub-Total	159750.00	164395.00		324145.00	42541.64	199405.86		241947.5	117208.36	82197.50		
	Total	1,67,81,124.40	22,27,389.50	55,93,114.00	1,34,15,399.90	35,33,044.23	48,15,182.47	14,61,208.50	68,87,018.20	1,32,48,080.17	65,28,381.70		



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2015

Note : 7 Deferred Tax

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
i)	Deferred Tax Asset	86,34,878.15	81,31,904.00
ii)	Deferred Tax Liability	(3,14,780.00)	(3,30,721.00)
	Deferred Tax Asset(NET)	83,20,098	78,01,183

Note : 8 Long Term Loans and Advances

Sr. No	Particulars	Current Year	Previous Year
	Security Deposit & Margin Deposits		
1	Secured, Considered Good :		
2	NSCCL	40,00,000.00	40,00,000.00
3	NSE	1,10,00,000.00	1,10,00,000.00
4	BSE	10,00,000.00	10,00,000.00
5	ICCL(BSE)	1,25,000.00	1,25,000.00
6	CDSL	5,00,000.00	5,00,000.00
7	HCL COMNET	3,00,000.00	3,00,000.00
	Total	1,69,25,000.00	1,69,25,000.00

Note : 9 Trade Receivables

Sr. No	Particulars	Current Year	Previous Year
1	Bills Receivable Demat (TO)	17,66,645.58	18,83,222.81
2	Demat Receivables		17,67,525.57
	Outstanding for less than 6 months	48,571.44	
	Outstanding for more than 6 months (Unsecured, considered Good)	26,55,656.60	
	Total	44,70,873.62	36,50,748.38

Note : 10 Cash & Cash Equivalent

Sr. No	Particulars	Current Year	Previous Year
	Bank Balance		
1	Current A/c (CA0042)	4,84,740.38	8,61,465.77
2	FSC Expenditure A/c	20,15,182.96	19,39,765.74
3	JKBFSL Mutual Fund Income A/c	41,299.74	27,730.67
4	FSC Income A/c	4,287.43	2,273.20
5	HDFC BSE CM Settlement A/c	10,51,340.91	17,94,486.07
6	HDFC NSE CM Client A/c	80,000.00	90,000.00
7	HDFC NSE F&O Client A/c	20,000.00	10,000.00
8	HDFC NSE F&O Settlement A/c	19,20,935.12	8,42,687.75
9	HDFC BSE CM Client A/c	10,000.00	10,000.00
10	HDFC NSE Business A/c	54,302.08	55,200.96
11	HDFC NSE Cash Settlement A/c	1,04,49,443.25	1,21,01,265.11
12	HDFC NSE Exchange Dues A/c	1,54,886.00	1,57,597.83
13	Head Office Income A/c	65,392.33	19,59,128.86
14	JKBFSL Client A/c	27,46,697.98	23,47,495.11
15	E-Payment of Taxes A/c	4,66,596.50	7,374.00
16	Fixed Deposit with J&K Bank		7,00,00,000.00
	(a) Unencumbered and Free	12,45,26,754.00	
	(b) Held as security against Bank Guarantees/SOD	7,00,00,000.00	
	Total	21,40,91,858.68	9,22,06,471.07

Note : 11 Other Current Assets

Sr. No	Particulars	Current Year	Previous Year
1	Exchange Obligation Account	-	1,08,88,507.96
2	Interest Receivable	1,13,12,898.00	26,02,426.00
3	Additional Margin Deposit (BSE)	10,00,000.00	10,00,000.00
4	Advance Income Tax/TDS		
	a) On Commission	10,98,390.00	23,13,318.00
	b) On interest on FDR's	28,51,889.31	17,91,201.00
5	Client Control A/C (Dr)	1,55,66,653.99	1,01,27,584.79
6	PDD Sgr.	2,67,120.00	4,28,000.00
7	Preliminary Expenses (Not Written Off)	1,54,762.00	2,06,351.00
8	NSE Exchange Dues	18,772.00	0.00
9	Prepaid Expenses/Advance (Others)	7,93,385.50	30,000.00
	Total	3,30,63,870.80	2,93,87,388.75



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st
MARCH, 2015**

Note : 12 Income from operations

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Brokerage Income A/C	3,80,36,744.75	2,03,55,066.04
2	Demat Income A/c	73,63,424.90	64,59,727.11
3	Other Depository Income A/c	9,08,796.81	5,07,348.69
4	DP Pool Charges A/c	5,04,251.35	3,39,505.69
5	PayIn Delay Charges A/c	32,26,865.46	13,03,470.20
6	Broking Commission (AP) A/C	-	3,35,521.00
7	Other Receipts	6,07,499.85	
8	Mutual Fund Commission	13,580.68	27,038.96
	Total in Rs	5,06,61,163.80	2,93,27,677.69

Note : 13 Other Income

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Interest Earned on FDR's	1,63,92,805.81	62,24,419.00
2	Other Receipts	53,915.00	1,71,677.00
	Total in Rs	1,64,46,720.81	63,96,096.00

Note : 14 Employment Benefit Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Salary A/C	2,16,000.00	6,08,890.30
2	Mangerial Remuneration (MD) A/C	17,79,711.00	16,41,732.00
3	Salary (Staff on Deputation)	3,33,62,475.48	2,99,75,474.50
	Total in Rs	3,53,58,186.48	3,22,26,096.80

Note : 15 Depreciation & Amortised Cost

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Depreciation A/c	48,15,182.47	32,76,581.86
2	Fixed Assets Written Off	41,31,905.50	
3	Preliminary Expenses W/O	51,589.00	51,589.00
	Total	89,98,676.97	33,28,170.86

Note : 16 Other Administrative Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Membership & Subscription Fee	18,43,192.69	16,12,855.97
2	Rent ,Rates & Taxes	44,57,880.00	50,42,141.92
3	Communication & Connectivity Cost	41,33,630.56	27,71,063.22
4	Legal & Proffessional Charges	2,93,266.00	1,96,591.00
5	Advertisement & Publicity	-	24,919.00
6	Bank Commission & Other Charges	4,56,740.12	4,42,869.33
7	Travelling & Conveyance Expenses	6,75,914.65	4,92,704.00
8	Power & Fuel	10,59,443.89	10,50,468.80
9	Stationary& Printing	6,26,261.42	6,70,364.32
10	Payment to Auditors	2,73,900.00	2,84,056.00
11	Office Upkeep & Maintanace Expenses	9,45,068.50	6,26,667.50
12	Repairs & Maintanance	4,07,737.98	1,37,883.00
13	Office Administrative & Other Expenses	11,21,976.55	11,47,097.41
14	Postage & Telephone	6,96,530.17	6,31,083.64
15	NSE Charges	4,52,899.00	
16	Hospitality & Entertainment (incl. B/L)	8,24,055.45	
17	Insurance	7,61,623.00	
18	Training & Certification	1,02,650.25	
19	Ideal-X Hosting Charges	52,68,900.00	56,06,992.40
	Total	2,44,01,670.23	2,07,37,757.51



JKB Financial Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2015

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 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 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.



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 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, 2015

II NOTES TO THE FINANCIAL STATEMENTS

1. The Company has increased its Issued, Subscribed and paid Capital from Rs. 10 Crores to Rs.20 Crores by issue of 1 Crore shares to the Holding Company (J&K Bank Limited) in its Board Meeting dated 13th May, 2014.
2. The operating income of the company amounting Rs 5,06,61,163.80 includes brokerage Income of Rs. 3,80,36,744.75s and Depository Income of Rs. 82,72,221.71. 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.1,54,762/-.
4. The Company has written off assets having WDV as on 5th September 2014 of Rs. 41,31,905.50 damaged due to recent floods in J&K.
5. Trade receivables includes Rs. 17, 66,645.58 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.



JKB Financial Services Limited

6. The deferred tax asset (Net) of Rs.83,20,098/-as Shown in the Balance Sheet includes DTA of Rs. 86,34,878/- and DTL Rs. 3,14,780/-andDeferred Tax Expenses of Rs. 5,18,915/- 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 Rs
On Timing Difference in Depreciation	473162
On Timing Difference due to Sec 35Dof Income Tax Act,1961*	15941
DTA to Be Created/ *DTL Reversed	489103
Creation of DTL/Reversal of DTA	
DTA Reversed on Fixed Assets (Written Off)	242395
Creation of DTA	
Deferred Tax on Business Income	272208
Net Deferred Tax Recognized in P&L A/C	518915

7. Provision for rent of Rs. 28, 81,200/- is provided for the current year being rent of the Head office of the Company at Dalgate, Srinagar. The rent is not paid to the Owner/s of the premises due to non-finalisation of rent agreement.
8. Segment Reporting- The Company operates in a single business segment and hence no disclosure is being made.
9. Previous year figures are regrouped and rearranged wherever required.
10. The payment to statutory auditor include Rs. 1,00,000/- (Plus service tax) as statutory audit fee, Rs. 50,000/- (Plus service tax) for tax matters and Rs.50,000/- (Plus service tax) for other Statutory certification services.
11. 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. Roop Krishan Shah | Director |
| Mr. Nissar Ahmad Koul | Director |
| Mr. Mohd Syed Wani | Director |
| Mr. Giridhar Gopal Sawhney | Director |
| Mr. Mohammad Shafi Mir | 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. (INR)
Deposits/Balance in Bank Accounts	194526754.00
Interest /Commission Paid	485428.66
Interest /Commission Received	16392805.81
Reimbursement of Expenditure	
i. Revenue	804199.12
ii. Capital	957993.00
Disbursement on Behalf of JKBFSL (Establishment)	35042186.48




JKB Financial Services Limited


12. 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.

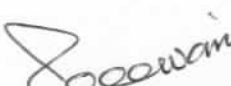
Description	2014-15	2013-14
	(Rs.)	(Rs.)
Profit/ (Loss) after taxation	(11,60,421.92)	(14,206,977.35)
Weighted average Number of equity Shares outstanding	20000000	10000000
Basic and Diluted earnings per share in Rupees. (face-value Rs. 10/- per share)	(0.06)	(1.42)


Mushtaq Ahmad
 Chairman

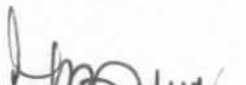

Abdul Rashid
 Managing Director



Parvez Ahmad
 Director


Roop Krishan Shah
 Director


M Syed Wani
 Director


Nissar Ahmad Koul
 Director



G G Sawhney
 Director


Mohammad Shafi Mir
 Secretary

Place: Srinagar
 Dated: - 14-05-2015

In terms of our report of even date annexed

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


 CA Arshad Hussain Mir (Partner)
 M. No: 521477

Place: Srinagar
 Dated: 14-05-2015