

INDEPENDENT AUDITOR'S REPORT

To the Members of

JKB Financial Services Limited
Srinagar (J&K)

1. We have audited the accompanying financial statements of M/s. JKB Financial Services Limited Srinagar, which comprise the Balance Sheet as at 31st March, 2016, the statement of Profit & Loss, the 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. 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 aforesaid 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, 2016;
- (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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure "A"** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and audit General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the companies Act, 2013, the Compliance of Which is set out in "**Annexure-B**"
3. 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 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;



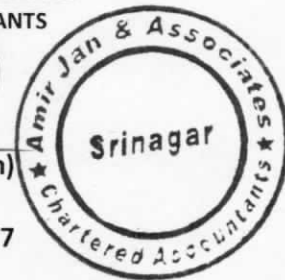
- (f) with respect to the adequacy of the internal financial controls over the financial reporting of the company and the operating effectiveness of such controls , refer to our separate report in **Annexure-C**; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance 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: May 12, 2016

For Amir Jan & Associates
CHARTERED ACCOUNTANTS



(Arshad Hussain)
Partner
M.No: 521477



ANNEXURE "A" 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 31st March 2016, 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.
 - (c) The title deeds of immovable properties wherever acquired are held in the name of the company,
- (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 companies, firms, LLP's or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Thus sub para (a), (b) and (c) are not applicable.
- (iv) The company has not granted any loans, guarantees, security and also has not made any investment, thus the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.
- (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, 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, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31st March 2016 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 statutory dues, duty of customs and cess which have not been deposited with the appropriate authorities on account of any dispute.

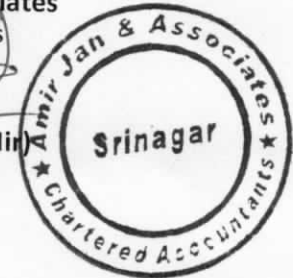


- (viii) The company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government. The Company has not issued any debentures.
- (ix) No money was raised by way of initial public offer or further public offer (including debt instruments) and term loan by the company.
- (x) According to the information and explanations given to us, no fraud by the company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The company is not a Nidhi Company as such the para is not applicable.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the notes to accounts forming part of the Financial Statements.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him;
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.

Place: Srinagar
Dated: May 12, 2016

For Amir Jan & Associates
CHARTERED ACCOUNTANTS

(Arshad Hussain Mir)
Partner
M.No: 521477



**ANNEXURE-B TO PARA 5 (2) OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
FINANCIAL STATEMENTS OF JKB FINANCIAL SERVICES LIMITED**

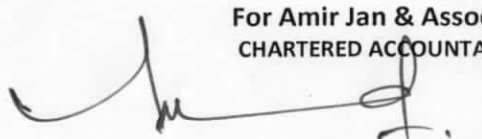
*(Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of
Companies Act 2013)*

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	NOT APPLICABLE	NOT APPLICABLE
2	Whether the company has clear title/lease deeds for the freehold and leasehold Land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	NOT APPLICABLE	NOT APPLICABLE
3	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved	To the best of our information and according to the explanations given to us the company has not granted any waiver/ write off of debts/loans/interest etc.	NOT APPLICABLE
4	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	NOT APPLICABLE	NOT APPLICABLE
5	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	To the best of our information and according to the explanations given to us there are no pending legal/arbitration cases.	NOT APPLICABLE
6	Examine and Comment if required whether disclosure have been made with accounts of Zero Balance	To the best of our information and according to the explanations given to us amount outstanding against the Demat Accounts having Zero Holdings are included in the Demat receivable taken over from holding Company as such are dealt by para 4 to notes to accounts	NIL



7	Examine and Comment if required on the applicability of AS-22 related to deferred Tax	Proper disclosure has been given in the financial statements as well in the Notes forming part of financial statements.	NA
8	Examine and Comment if required Comment on Disclosure of Suspended Draft accounts	To the best of our information and according to the explanations given to us, Demat accounts are classified as Suspended by the system for KYC & other compliance reasons. The revenue is recognized in the period when the Billing category is changed to Active. The revenue recognition in these accounts is in consonance with the accounting policies related to revenue recognition.	Nil
9	Examine and Comment if required Comment on revenue recognition AS-9	Proper disclosure is given in Para 'C' of the Accounting Policies in the Notes forming part of financial statements.	NIL.

Place: Srinagar
Dated: May 12, 2016


For Amir Jan & Associates
CHARTERED ACCOUNTANTS
(Arshad Hussain)
Partner
M. No: 521477



**ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF JKB FINANCIAL SERVICES LIMITED**

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

1. We have audited the internal financial controls over financial reporting of JKB Financial Services Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note 168 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and whether such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:-
- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
 - (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

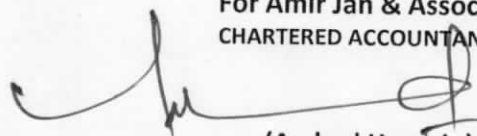
7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Srinagar
Dated: May 12, 2016

For Amir Jan & Associates
CHARTERED ACCOUNTANTS


(Arshad Hussain)
Partner
M. No: 521477



JKB FINANCIAL SERVICES LIMITED

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



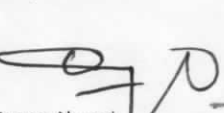

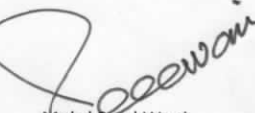
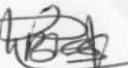



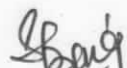
BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note	Figures as on 31.03.2016	Figures as on 31.03.2015
		Amount (Rs)	Amount (Rs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	200,000,000.00	200,000,000.00
(b) Reserves and Surplus	2	(31,197,066.31)	(16,057,365.67)
(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	638,001.24	868,337.62
(4) Current Liabilities			
(a) Short-Term Borrowings		-	-
b) Other Current Liabilities	4	30,899,762.01	98,409,421.06
(c) Short-Term Provisions	5	153,900.00	179,690.00
Total Equity & Liabilities		200,494,596.95	283,400,083.01
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
1. Tangible Assets			
(i) Gross Block		14,307,347.84	13,091,254.90
(ii) Depreciation		9,239,680.33	6,645,070.70
(iii) Net Block		5,067,667.51	6,446,184.20
2. In- Tangible Assets			
(i) Gross Block		848,067.56	324,145.00
(ii) Depreciation		498,785.85	241,947.50
(iii) Net Block		349,281.71	82,197.50
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	7	15,090,239.16	8,320,098.00
(d) Long term loans and advances (Security Deposits)	8	17,425,000.00	16,925,000.00
(2) Current Assets			
(a) Trade Receivables	9	5,054,022.76	4,470,873.62
(b) Inventories		-	-
(d) Cash and cash equivalents	10	126,444,044.08	214,091,858.89
(e) Short-term loans and advances		-	-
(f) Other current assets	11	31,064,341.73	33,063,870.80
Total Assets		200,494,596.95	283,400,083.01

NOTES TO ACCOUNTS

17

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

 Mir Ankaq Ahmad Chairman	 Abdul Rashid Managing Director	 Parvez Ahmad Director	 Surjeet Singh Sehgal Director	 Mohd Syed Wani Director
 Surender Kishan Bhat Director	 Nissar Ahmad Koul Director	 Giridhar Gopal Sawhney Director	 Mohammad Ayub Wanchoo CFO	 Mohammad Shafi Secretary

Place: Srinagar

Date: 12-05-2016

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

FOR AMIR JAN & ASSOCIATES

CHARTERED ACCOUNTANTS

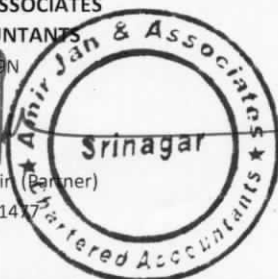
Firm Reg. No.: 021903N

CA Arshad Hussain Mir (Partner)

Membership No. : 521477

Place: Srinagar

Date: 12-05-2016



JKB FINANCIAL SERVICES LIMITED

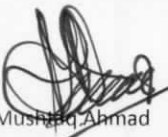
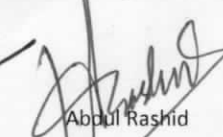
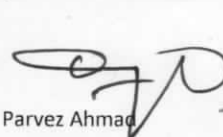
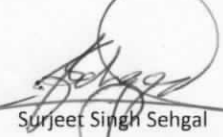
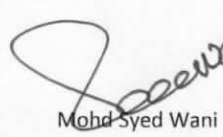
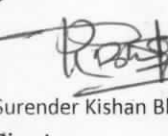
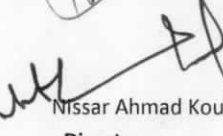
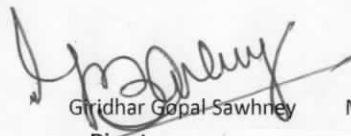
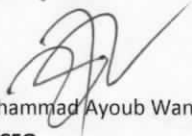
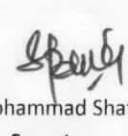
Corporate Headquarters J&K Bank, M.A Road Srinagar

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2016

Sr. No	Particulars	Note	Figures for the Year 2015-16	Figures for the Year 2014-15
			Amount (Rs)	Amount (Rs)
I	Revenue from Operations	12	46,645,507.02	50,661,163.80
II	Other Income	13	13,025,535.51	16,446,720.81
III	III. Total Revenue (I +II)		59,671,042.53	67,107,884.61
IV	Expenses:			
	Employee Benefit Expense	14	56,065,975.00	35,358,186.48
	Financial Costs		6,259.00	28,688.00
	Depreciation and Amortization Expense & Written offs	15	2,903,036.98	8,998,676.97
	Other Administrative Expenses	16	22,605,613.28	24,401,670.23
	Total Expenses (IV)		81,580,884.26	68,787,221.68
V	Profit before exceptional and extraordinary items and tax	(III - IV)	(21,909,841.73)	(1,679,337.07)
VI	Exceptional Items		-	-
VII	Profit before extraordinary items and tax (V - VI)		(21,909,841.73)	(1,679,337.07)
VIII	Extraordinary Items		-	-
IX	Profit before tax (VII - VIII)		(21,909,841.73)	(1,679,337.07)
X	Tax expense:			
	(1) Current tax		-	-
	(2) Deferred tax (Net)		6,770,141.10	518,915.15
XI	Profit(Loss) from the period from continuing operations	(IX-X)	(15,139,700.64)	(1,160,421.92)
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)		(15,139,700.64)	(1,160,421.92)
XVI	Earning per equity share:			
	(1) Basic		(0.76)	(0.06)
	(2) Diluted		(0.76)	(0.06)

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

17

 Mushfiq Ahmad Chairman	 Abbul Rashid Managing Director	 Parvez Ahmad Director	 Surjeet Singh Sehgal Director	 Mohd Syed Wani Director
 Surender Kishan Bhat Director	 Nissar Ahmad Koul Director	 Giridhar Gopal Sawhney Director	 Mohammad Ayoub Wanchoo CFO	 Mohammad Shafi Secretary

Place: Srinagar
Date: 12-05-2016

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

FOR AMIR JAN & ASSOCIATES

CHARTERED ACCOUNTANTS

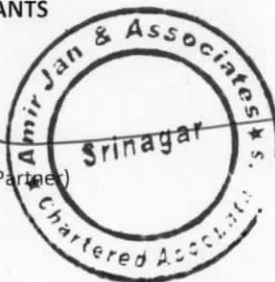
Firm Reg. No.: 021909N

CA Arshad Hussain Mir (Partner)

Membership No. 521477

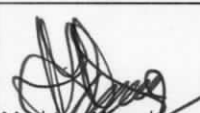
Place: Srinagar

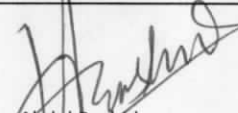
Date: 12-05-2016

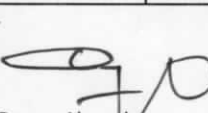


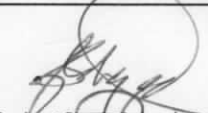
JKB FINANCIAL SERVICES LIMITED
Corporate Headquarters J&K Bank M. A. Road Srinagar
Cash Flow Statement for the Financial Year 2015-16

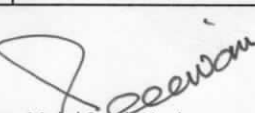
	Year Ending 31st March,2016	Year Ending 31st March,2015
	Amount (Rs)	Amount (Rs)
Cash Flow Operating Activities		
Net Profit After Tax	(15,139,700.64)	(1,160,421.92)
Adjustments for		
1) Depreciation	2,851,447.98	8,947,087.97
2) Preliminary Expenses	51,589.00	51,589.00
3) Interest Income	(12,876,761.00)	(16,392,805.81)
Deffered Tax (Credited To P&L Account)	(6,770,141.10)	(518,915.15)
Operating Profit Before Working Capital Change	(31,883,565.75)	(9,073,465.91)
Change in Working Capital		
Trade & Other Receivables Increase/ Decrease	1,364,790.93	(4,548,196.35)
Trade & Other Payables Increase/ Decrease	(67,765,785.43)	21,341,633.56
Net Cash Generated from Operations (A)	(98,284,560.25)	7,719,971.30
Cash Flow Investing Activities		
Increase/Decrease In Fixed assets	(1,740,015.56)	(2,227,389.50)
Interest Income	12,876,761.00	16,392,805.81
Increase/ Decrease in Security Deposits	(500,000.00)	
Net cash flow from investing activities (B)	10,636,745.44	14,165,416.31
Cash Flow Financing Activities		
Increase in Equity Share capital	-	100,000,000.00
Net Cash Flow Financing Activities (C)	-	100,000,000.00
Net Increase/ Decrease In Cash and Cash Equivalents (A+B+C)	(87,647,814.81)	121,885,387.61
Opening Cash & Cash Equivalents	214,091,858.68	92,206,471.07
Closing Cash & Cash Equivalents	126,444,044.08	214,091,858.68

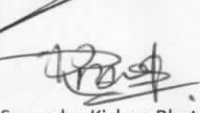
 Musharraf Ahmad
 Chairman


 Abdul Rashid
 Managing Director

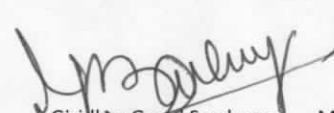
 Parvez Ahmad
 Director


 Surjeet Singh Sehgal
 Director

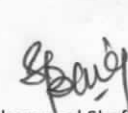
 Mohd Syed Wani
 Director

 Surender Kishan Bhat
 Director

 Nissar Ahmad Koul
 Director

 Giridhar Gopal Sawhney
 Director

 Mohammad Ayub Wanchoo
 CFO

 Mohammad Shafi
 Secretary

Place: Srinagar
 Date: 12-05-2016

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) Srinagar
 Membership No. : 521477

Place: Srinagar
 Date: 12-05-2016



JKB FINANCIAL SERVICES LIMITED

**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st
MARCH, 2016**

Note : 1 Share Capital

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

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)	(16,057,365.67)	(14,896,943.75)
	Balance brought forward from previous year	(16,057,365.67)	(14,896,943.75)
	Less: Tax on Regular Assessment Paid	-	-
	Add: Profit for the period	(15,139,700.64)	(1,160,421.92)
	Total	(31,197,066.31)	(16,057,365.67)

Note : 3 Other Non Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	Client Deposits (NSDL)	547,574.55	727,664.62
2	Client Deposits (CDSL)	53,487.69	80,346.00
3	Retention Money	36,939.00	60,327.00
	Total	638,001.24	868,337.62

Note : 4 Other Current Liabilities

Sr. No	Particulars	Current Year	Previous Year
1	J&K Bank (Holding Company)	16,292,460.26	84,382,564.26
2	Client Control A/C	9,931,588.45	6,056,034.63
3	Stamp Charges JK	26,212.82	5,646.31
4	Securities Transaction Tax	38,018.00	32,253.30
5	TDS Payable	430,655.10	531,236.30
6	Education Cess Payable	1,151.42	1,140.74
7	Higher Education Cess Payable	575.47	570.14
8	Expenses Payable	3,489,442.87	5,938,053.53
9	Other Client Payable	1,907.01	162.92
10	Other Current Liabilities	568,832.00	62,310.00
11	Exchange Obligation	-	1,366,300.45
12	Exchange Dues	46,931.00	-
13	SEBI TOT Charges	71,987.61	33,148.48
	Total	30,899,762.01	98,409,421.06

Note : 5 Short Term Provisions

Sr. No	Particulars	Current Year	Previous Year
1	Audit Fee Payable	102,600.00	123,390.00
2	Provision for Tax Audit	51,300.00	56,300.00
	Total	153,900.00	179,690.00



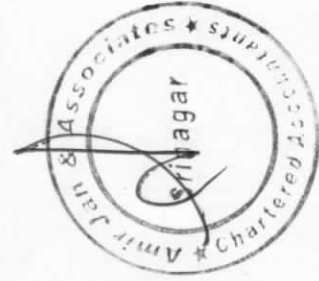
JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2016

Note : 6 Fixed Asset

I. Fixed Assets

Sr. No	Particulars	Gross Block			Depreciation			Net Block		Amount (Rs)	
		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 01.04.2015
I	<u>Tangible Assets</u>										
	<u>Furniture Fixture</u>	2039646.94	114104.00		2153750.94	416065.73		1359712.33	1096000.34		794038.61
	<u>Plant & Machinery</u>	5314072.04	0.00		5314072.04	749927.83		2440694.32	3623305.55		2873377.72
	<u>Computers</u>	5646271.78	1053314.00		6699585.78	1392566.07		5322459.54	1716378.31		1377126.24
	<u>Mobile Phones</u>	88775	46250.00		135025.00	78275		111900	10500.00		23125.00
	<u>Library Books</u>	2489.14	2425.00		4914.14	2425.00		4914.14	0.00		0.00
	<u>Sub-Total</u>	13091254.90	1216093.00	0.00	14307347.90	2594609.63	0	9239680.33	6446184.20		5067667.57
II	<u>Intangible Assets</u>										
	<u>1. Software</u>	324145.00	523922.56		848067.56	256838.35		498785.85	82197.50		349281.71
	<u>Sub-Total</u>	324145.00	523922.56		848067.56	256838.35		498785.85	82197.50		349281.71
	Total	13,415,399.90	1,740,015.56	-	15,155,415.46	2,851,447.98	-	9,738,466.18	6,528,381.70		5,416,949.28



As PER Income Tax

I. Fixed Assets

Sr. No	Particulars	Gross Block				Depreciaton			Net Block		WDV as on 31.03.2016
		Value at the beginning	Addition upto 30/09/2015	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 01.04.2015	
I	Tangible Assets										
	Furniture Fixture	2,039,647.00	114,104.00	-	2,153,751.00	870,114.78	128,363.62		998,478.40	1,169,532.22	1,155,272.60
	Plant & Machinery	5,314,072.50	-	-	5,314,072.50	1,594,112.93	557,993.94		2,152,106.87	3,719,959.57	3,161,965.63
	Computers	5,646,271.26	952161	-	6,598,432.26	4,385,451.92	1,358,134.10		5,743,586.02	1,260,819.34	854,846.24
	Mobile Phones	88,775.00	46,250.00	-	135,025.00	63,973.50	35,525.75		99,499.25	24,801.50	35,525.75
	Library Books	2,489.14	2,425.00	-	4,914.14	2,489.14	2,425.00		2,489.14	-	-
	Sub-Total	13,091,254.90	1,114,940.00	-	14,206,194.90	6,916,142.27	2,082,442.41		8,996,159.68	6,175,112.63	5,207,610.22
II	Intangible Assets										
	1 Software	324,145.00	487,922.56	-	812,067.56	191,176.50	383,334.64		574,511.14	132,968.50	237,556.42
	Sub-Total	324,145.00	487,922.56	-	812,067.56	191,176.50	383,334.64		574,511.14	132,968.50	237,556.42
	Total	13,415,399.90	1,602,862.56	-	15,018,262.46	7,107,318.77	2,465,777.05		9,570,670.82	6,308,081.13	5,445,166.64



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2016

Note : 7 Deferred Tax

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
i) <u>Deferred Tax Asset</u>		15,389,078	8,634,878
ii) <u>Deferred Tax Liability</u>		(298,839)	(314,780)
	Deferred Tax Asset(NET)	15,090,239	8,320,098

Note : 8 Long Term Loans and Advances

Sr. No	Particulars	Current Year	Previous Year
	Security Deposit & Margin Deposits		
1	Secured, Considered Good :		
2	NSCCL	4,000,000.00	4,000,000.00
3	NSE	11,000,000.00	11,000,000.00
4	BSE	1,500,000.00	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	300,000.00
	Total	17,425,000.00	16,925,000.00

Note : 9 Trade Receivables

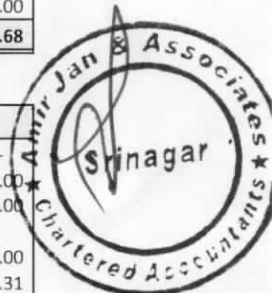
Sr. No	Particulars	Current Year	Previous Year
1	Bills Receivable Demat (TO)	1,656,267.08	1,766,645.58
2	Demat Receivables		
	Outstanding for less than 6 months	356,617.32	48,571.44
	Outstanding for more than 6 months (Unsecured, considered Good)	3,041,138.36	2,655,656.60
	Total	5,054,022.76	4,470,873.62

Note : 10 Cash & Cash Equivalent

Sr. No	Particulars	Current Year	Previous Year
	Bank Balance		
1	Current A/c (CA0042)	1,433,021.27	484,740.38
2	FSC Expenditure A/c	1,657,856.74	2,015,182.96
3	JKBFSL Mutual Fund Income A/c	4,301.83	41,299.74
4	FSC Income A/c	542.81	4,287.43
5	HDFC BSE CM Settlement A/c	1,299,740.12	1,051,340.91
6	HDFC NSE CM Client A/c	20,000.00	80,000.00
7	HDFC NSE F&O Client A/c	20,000.00	20,000.00
8	HDFC NSE F&O Settlement A/c	1,760,070.29	1,920,935.12
9	HDFC BSE CM Client A/c	10,000.00	10,000.00
10	HDFC NSE Business A/c	54,302.08	54,302.08
11	HDFC BSE FNO CLIENT A/C	10,000.00	-
12	HDFC BSE FNO SETTLEMENT A/C	60,000.00	-
13	HDFC BSE MFSS SETTLEMENT A/C	19,886.00	-
14	HDFC NSE MFSS SETTLEMENT A/C	20,000.00	-
15	HDFC NSE Cash Settlement A/c	8,122,873.60	10,449,443.25
16	HDFC NSE Exchange Dues A/c	241,390.00	154,886.00
17	Head Office Income A/c	358,113.56	65,392.33
18	JKBFSL Client A/c	4,921,291.54	2,746,697.98
19	E-Payment of Taxes A/c	430,654.24	466,596.50
20	Fixed Deposit with J&K Bank		
	(a) Unencumbered and Free	35,000,000.00	124,526,754.00
	(b) Held as security against Bank Guarantees/SOD	71,000,000.00	70,000,000.00
	Total	126,444,044.08	214,091,858.68

Note :11 Other Current Assets

Sr. No	Particulars	Current Year	Previous Year
1	Exchange Obligation Account	9,714,595.03	-
2	Interest Receivable	7,935.00	11,312,898.00
3	Additional Margin Deposit (BSE)	1,000,000.00	1,000,000.00
4	<u>Advance Income Tax/TDS</u>		
	a) On Commission	861,782.00	1,098,390.00
	b) On interest on FDR's	3,370,269.31	2,851,889.31
5	Client Control A/C (Dr)	15,291,126.85	15,566,653.99
6	PDD Sgr.	267,120.00	267,120.00
7	Preliminary Expenses (Not Written Off)	103,173.00	154,762.00
8	NSE Exchange Dues	0.00	18,772.00
9	Prepaid Expenses/Advance (Others)	448,340.54	793,385.50
	Total	31,064,341.73	33,063,870.80



JKB FINANCIAL SERVICES LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31st MARCH, 2016

Note : 12 Income from operations

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Brokerage Income A/C	34,724,808.26	38,036,744.75
2	Demat Income A/c	6,407,576.00	7,363,424.90
3	Other Depository Income A/c	796,659.00	908,796.81
4	DP Pool Charges A/c	398,364.01	504,251.35
5	PayIn Delay Charges A/c	3,728,045.20	3,226,865.46
6	Other Receipts	587,050.39	607,499.85
7	Mutual Fund Commission	3,004.15	13,580.68
	Total in Rs	46,645,507.02	50,661,163.80

Note : 13 Other Income

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Interest Earned on FDR's	12,876,761.00	16,392,805.81
2	Other Receipts	148,774.51	53,915.00
	Total in Rs	13,025,535.51	16,446,720.81

Note : 14 Employment Benefit Expenses

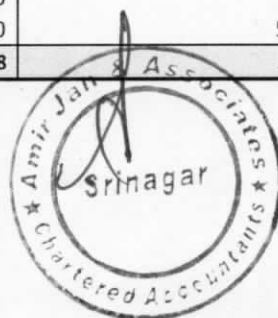
Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Salary A/C	256,079.00	216,000.00
2	Mangerial Remuneration (MD) A/C	2,951,728.00	1,779,711.00
3	Salary (Staff on Deputation)	52,858,168.00	33,362,475.48
	Total in Rs	56,065,975.00	35,358,186.48

Note : 15 Depreciation & Amortised Cost

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Depreciation A/c	2,851,447.98	4,815,182.47
2	Fixed Assets Written Off	-	4,131,905.50
3	Preliminary Expenses W/O	51,589.00	51,589.00
	Total	2,903,036.98	8,998,676.97

Note : 16 Other Administrative Expenses

Sr. No	Particulars	Amount (Rs)	
		Current Year	Previous Year
1	Membership & Subscription Fee	1,592,925.63	1,843,192.69
2	Rent ,Rates & Taxes	2,336,315.00	4,457,880.00
3	Communication & Connectivity Cost	4,371,168.16	4,133,630.56
4	Legal & Proffessional Charges	138,770.00	293,266.00
5	Bank Commission & Other Charges	538,451.14	456,740.12
6	Travelling & Conveyance Expenses	840,417.60	675,914.65
7	Power & Fuel	1,235,219.30	1,059,443.89
8	Stationary& Printing	268,518.27	626,261.42
9	Payment to Auditors	366,215.00	273,900.00
10	Office Upkeep & Maintanace Expenses	679,723.00	945,068.50
11	Repairs & Maintanance	256,957.82	407,737.98
12	Office Administrative & Other Expenses	1,287,152.20	1,121,976.55
13	Postage & Telephone	527,141.72	696,530.17
14	NSE/BSE Charges	723,136.94	452,899.00
15	Hospitality & Entertainment (incl. B/L)	678,376.50	824,055.45
16	Insurance	757,403.00	761,623.00
17	Training & Certification	37,684.00	102,650.25
18	Ideal-X Hosting Charges	5,970,038.00	5,268,900.00
	Total	22,605,613.28	24,401,670.23



JKB Financial Services Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

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

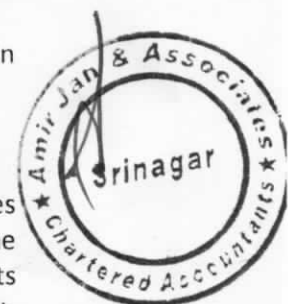
Fixed assets are stated at historical cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use, less accumulated depreciation.

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.



G. INVESTMENT

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

H. RETIREMENT BENEFITS

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.

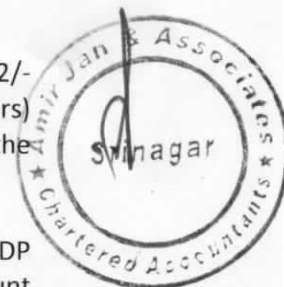
I. TAXATION

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, 2016

II NOTES TO THE FINANCIAL STATEMENTS

1. The operating income of the company amounting Rs.4,66,45,507.02 includes brokerage Income of Rs.3,47,24,808.26 and Depository Income of Rs. 72,04,235.00 . 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.
2. 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.1,03,173/-.
3. Employees Benefit Expenses includes salaries arrears of Rs.1,17,06,542/- (includes Managerial Remuneration arrears of Rs. 7,70,180/- of previous years) being pay revision arrears effective from November,2012 disbursed in the current year.
4. Trade receivables includes Rs. 16,56,267.08 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

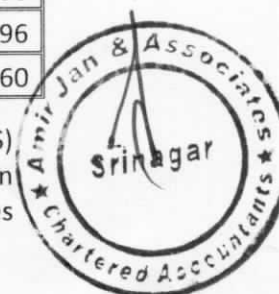
5. The deferred tax asset (Net) of Rs.1,50,90,239/- as Shown in the Balance Sheet includes DTA of Rs. 1,53,89,078/- and DTL Rs. 2,98,839/- and Deferred Tax Expenses of Rs. 67,70,141/- recognised in the Profit and Loss Account is calculated as per the provisions of AS 22(Accounting for taxes on income).

Creation of DTA/Reversal of DTL	Amount in Rs
On Timing Difference in Depreciation	1,19,172
On Timing Difference due to Sec 35D of Income Tax Act, 1961*	15,941
DTA to Be Created/ *DTL Reversed on Timing Difference	1,35,113
Creation of DTA	
Deferred Tax on Business Income	66,35,028
Net Deferred Tax Recognized in P&L A/C	67,70,141

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. 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.
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 |
| Mr. Surjeet Singh Sehgal | Director |
| Mr. Mohd Syed Wani | Director |
| Mr. Surender Kishen Bhat | Director |
| Mr. Nissar Ahmad Koul | Director |
| Mr. Giridhar Gopal Sawhney | Director |
| Mr. Mohammad Ayub Wanchoo | CFO |
| 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	114805782
Interest /Commission Paid	544710
Interest /Commission Received	12876761
Reimbursement of Expenditure	
i. Revenue	414863
ii. Capital	904050
Disbursement on Behalf of JKBFSL (Establishment)	55809896
Balance Outstanding of holding Company	16292460


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.

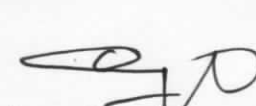



JKB Financial Services Limited

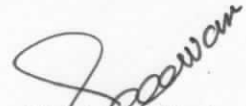
Description	2015-16	2014-15
	(Rs.)	(Rs.)
Profit/ (Loss) after taxation	(1,51,39,700.64)	(11,60,421.92)
Weighted average Number of equity Shares outstanding	20000000	20000000
Basic and Diluted earnings per share in Rupees. (face- value Rs. 10/- per share)	(0.76)	(0.06)



Mushtaq Ahmad
Chairman



Abdul Rashid
Managing Director



Parvez Ahmad
Director



Surjeet Singh Sehgal
Director

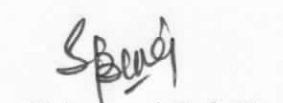

Mohd Syed Wani
Director


Surender Kishen
Bhat
Director


Nissar Ahmad Koul
Director


Giridhar Gopal
Sawhney
Director

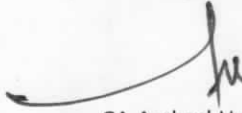

Mohammad Ayub
Wanchoo
CFO


Mohammad Shafi Mir
Secretary

Place: Srinagar
Dated: - 12-05-2016

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: 12-05-2016

