FOR A LEAP FORWARD

JM FINANCIAL

JM Financial Limited
Annual Report 2013-14

A Rubik's Cube is an appropriate tool for problem solving. The search for the perfect orientation requires one to understand the different ways it can move. There is one correct solution, amid a multitude of combinations and paths. Focus, commitment and persistence are required for the effort.

At JM Financial, we use the same persistent and innovative problem-solving approach to create long-term value for our clients and the wider stakeholder community.

India is poised to move forward on the path of recovery. Optimism and ambition for growth is expected to fuel investment growth. We, being one of the leading players in the financial services landscape, are ready to take a leap forward to leverage opportunities coming our way.

Our dynamism will position us well to take a leap forward and create more value for our clients, investors, employees and other stakeholders in the coming years.

Our Core Values

Client focus

We always put the interest of our clients before our own. Understanding our client needs, seeking new opportunities for them, addressing them and delivering unique solutions as per their expectations is imperative to us. The success of our clients is the biggest reward for us.

Implementation

Our expertise, experience and continuous focus on the quality of execution ensure effective implementation of our strategies.

Innovation

We understand our clients' needs and develop solutions for the most complex or the simplest financial transactions, whether for individuals or institutions. Creativity and innovation are driving factors in everything we do. Therefore, we encourage new ideas that help us address unique opportunities.

Performance

We believe in the development of our human resource and continuously hone our skills by setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent in the industry and also ensure they get their well-deserved rewards.

Teamwork

We believe extensive teamwork is what makes it possible for us to work together towards a common goal. We value and respect each individual's commitment to group effort.

Integrity

Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals, colleagues and corporate citizens. Our reputation based on our high standards of integrity is invaluable.

Partnership

Our relationship with all our stakeholders reflects our spirit of partnership. Clients see us as trusted advisors, shareholders see us as partners and employees see us as family. We respect, trust and support all our stakeholders.

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CONSOLIDATED FINANCIAL STATEMENTS

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Corporate Information

BOARD OF DIRECTORS

Mr. Nimesh Kampani - Chairman & Managing Director

Mr. E A Kshirsagar

Mr. Darius E Udwadia

Mr. Paul Zuckerman

Dr. Vijay Kelkar

Mr. Keki Dadiseth

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

REGISTERED OFFICE

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025

Tel.: 91-22-6630 3030
Fax: 91-22-6630 3223

Email: shareholdergrievance@jmfl.com
Website: www.jmfl.com

CIN

L67120MH1986PLC038784

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai - 400 072

Tel: 91-22-6772 0300/6772 0400
Fax: 91-22-2859 1568 / 2850 8927

Email: sharepro@shareproservices.com
Website: www.shareproservices.com

Consolidated Performance Review

[₹ in Crore]

CONSOLIDATED GROSS INCOME

13-14	**1,006.67**
12-13	1,042.23
11-12	873.97
10-11	895.92
09-10	628.79
08-09	464.92
07-08	742.29

[₹ in Crore]

CONSOLIDATED PROFIT/ (LOSS)

13-14	**209.53**
12-13	182.92
11-12	121.17
10-11	174.56
09-10	151.66
08-09	(105.21)[2]
07-08	150.12[1]

[₹ in Crore]

CONSOLIDATED NETWORTH

13-14	**2,091.87**
12-13	1,975.97
11-12	1,864.77
10-11	1,814.42
09-10	1,702.03
08-09	1,592.60
07-08	1,762.62

[₹]

CONSOLIDATED BOOK VALUE PER SHARE

13-14	**27.70**
12-13	26.29
11-12	24.87
10-11	24.20
09-10	22.70
08-09	21.24
07-08	23.52[3]

[₹]

CONSOLIDATED EARNINGS PER SHARE

13-14	**2.78**
12-13	2.44
11-12	1.62
10-11	2.33
09-10	2.02
08-09	(1.40)[2]
07-08	2.00[3]

[₹]

DIVIDEND PER SHARE

13-14	**1.00**
12-13	0.90
11-12	0.60
10-11	0.60
09-10	0.25[5]
08-09	0.20
07-08	0.20[3&4]

1 The profit after tax for the year 2007-08 excludes ₹ 1,156.95 crore towards exceptional income earned during the year.
2 As a matter of abundant caution, the Company and its subsidiaries had made a provision for diminution in value of long term investments aggregating ₹ 136.72 crore resulting in a loss during the year 2008-09.
3 Adjusted for split and bonus issue.
4 Excludes Special dividend of ₹ 0.80 per share.
5 Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

Consolidated Tax Information

[₹ in Crore]

CORPORATE TAX [1]

13-14	**79.98**
12-13	74.93
11-12	59.55
10-11	52.78
09-10	47.37
08-09	29.50
07-08	455.53

[₹ in Crore]

DIVIDEND DISTRIBUTION TAX [2]

13-14	**13.86**
12-13	16.87
11-12	7.97
10-11	7.89
09-10	6.68
08-09	2.83
07-08	12.75

[₹ in Crore]

SERVICE TAX [3]

13-14	**41.71**
12-13	37.48
11-12	40.56
10-11	42.54
09-10	39.41
08-09	44.81
07-08	68.42

[₹ in Crore]

PAYROLL TAX [4]

13-14	**40.44**
12-13	31.96
11-12	46.64
10-11	55.62
09-10	16.16
08-09	55.26
07-08	79.51

[₹ in Crore]

NON PAYROLL TAX [5]

13-14	**18.61**
12-13	14.23
11-12	16.30
10-11	19.21
09-10	22.39
08-09	17.20
07-08	22.56

[₹ in Crore]

SECURITIES TRANSACTION TAX [6]

13-14	**65.56**
12-13	76.08
11-12	97.06
10-11	101.18
09-10	77.78
08-09	39.23
07-08	70.54

[₹ in Crore]

TOTAL TAX BORNE AND PAID[7]

13-14	**94**
12-13	92
11-12	68
10-11	61
09-10	54
08-09	32
07-08	468

Total Tax Borne - ₹ 869 crore

[₹ in Crore]

TOTAL TAX DEDUCTED/ COLLECTED AND PAID[8]

13-14	**166**
12-13	160
11-12	201
10-11	218
09-10	156
08-09	156
07-08	241

Total Tax Paid - ₹ 1,298 crore

Total Tax Borne & Paid and Total Tax Deducted/Collected & Paid for last seven years - ₹ 2,167 crore

1 Comprises provision for taxes, including deferred tax.
2 Comprises tax on corporate dividend distributed, before minority interest.
3 Comprises gross service tax liability.
4 Comprises tax deducted at source from the employee remuneration and paid.
5 Comprises tax deducted at source from payments made to service providers/vendors and paid.
6 Comprises tax collected from the clients and paid to the Stock Exchanges.
7 Comprises corporate tax and dividend distribution tax.
8 Comprises service tax, payroll tax, non payroll tax and securities transaction tax.
The above information has been verified by an independent chartered accountant firm.

Board of Directors

Mr. Nimesh Kampani
Chairman & Managing Director

Mr. Nimesh Kampani, aged 67 years, is the founder and Chairman of the JM Financial group. He is a commerce graduate from Sydenham College, Mumbai and a qualified Chartered Accountant. In his career spanning over four decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions and has also advised investors on the focus areas for investing.

Mr. Kampani has served as a member on several important committees constituted by the Ministry of Finance, Government of India, Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Institute of Chartered Accountants of India. He was also a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre. He was a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India. He was a member on the Bloomberg Asia Pacific Advisory Board and on the Advisory Board of Rieter India.

Mr. Kampani is a member of the Governing Council of the Indian Institute of Capital Markets and on the Governing Board of Centre for Policy Research, which is a non-profit, non-partisan and autonomous research institution and one of India's premier think tanks in public policy. He is a Member of CII National Council and Chairman of CII National Committee on Capital Markets. He is also a member on the India Advisory Board of Bain & Company and Advisory Board of VentureStudio promoted by Ahmedabad University. VentureStudio has been setup by Ahmedabad University in collaboration with Centre for Design Research at Stanford University, California, USA. VentureStudio aims to create entrepreneurship in the young generation in India and provide them opportunities to start up new ventures.

He also serves as an Independent Director on the Boards of several leading Indian companies.

Mr. Kampani is actively engaged in social outreach through two foundations, namely, Kampani Charitable Trust (formed in February 1983) and JM Financial Foundation (formed in March 2001). These two entities support several social causes ranging from healthcare, education, research in ayurvedic medicine, animal welfare, employment generation, entrepreneurship development, etc.

Mr. E A Kshirsagar
Non Executive & Independent Director

Mr. Darius E Udwadia
Non Executive & Independent Director

Mr. E A Kshirsagar, aged 72 years, is a Fellow member of the Institute of Chartered Accountants in England & Wales.

Mr. Kshirsagar has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, Mergers & Acquisitions. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as Senior Partner.

Mr. Kshirsagar currently serves on the Board of the leading Indian public companies. He is also the Chairman of the Board of Trustees of the Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (formerly, Prince of Wales Museum) and Hon. Treasurer of Bombay Natural History Society (BNHS).

Mr. Darius E Udwadia, aged 74 years, is a Solicitor and Advocate of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.

Mr. Udwadia is a founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates since July, 1997 which is presently named M/s. Udwadia Udeshi & Argus Partners. Prior to July 1997, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates for over 20 years. He and his Firm are legal advisors to Indian and multinational companies.

Mr. Udwadia has during his 49 years of active law practice acquired substantial knowledge, skill, experience and expertise in areas of corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project finance, intellectual property, international loans and finance related transactions, real estate and conveyancing.

Mr. Udwadia also serves on the Board of several reputed Indian public and private companies.

Dr. Vijay Kelkar
Non Executive & Independent Director

Dr. Vijay Kelkar, aged 72 years, has done B.S. from University of Pune, India, 1963, M.S. from University of Minnesota, USA, 1965 and Ph. D from University of California at Berkeley, USA in 1970.

Dr. Kelkar is currently the Chairman of the India Development Foundation, New Delhi. He was the Chairman, Forum of Federations, Ottawa from January 2010 to March 2013. He was the Chairman of the Finance Commission in the rank of a Union Cabinet Minister until January, 2010. He was earlier Advisor to the Minister of Finance in the rank of a Minister of State from 2002 to 2004, and is known for his role in economic reforms in India. Prior to this, he has held various senior level positions in Government of India (GOI) as well as in international organizations including Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the IMF from August, 1999 to August, 2002; Finance Secretary, GOI, 1998–1999; Chairman, Tariff Commission, GOI, 1997–1998: Secretary, Ministry of Petroleum & Natural Gas, GOI, 1994–1997; Director & Coordinator, International Trade Division, UNCTAD, Geneva, Switzerland, 1991–1994; Chairman, Bureau of Industrial Costs & Prices and Secretary to the GOI, 1987–1991; Secretary, Economic Advisory Council to the Prime Minister, GOI, 1985–1988; Advisor, Economic Policy & Planning, Ministry of Petroleum & Natural Gas, GOI, 1982–1987; Economic Advisor, Ministry of Commerce, GOI, 1977–1981.

In January 2011, the President of India awarded him "PADMA VIBHUSHAN", the second highest Civilian Award for distinguished and exceptional service to the Nation.

Dr. Kelkar chaired Task Force for implementation of the Fiscal Responsibility and Budget Management Act, Ministry of Finance, Government of India, 2004; Task Force on Direct Taxes, Ministry of Finance, Government of India, 2002 as well as Task Force on Indirect Taxes, Ministry of Finance, Government of India, 2002. In the year 2012, he chaired the Committee appointed by the Finance Minister to outline a roadmap for fiscal consolidation.

Dr. Kelkar has been member of Board of Directors, Advisory Council and Board of Governors of various global companies and organizations including Tata Consulting Services, CITI Group, Hero Motors, Indian Council for Research on International Economic Relations, Administrative Staff College of India, Hyderabad, India National Innovation Foundation, Ahmedabad, Indian Society of Energy and Environment Economics, New Delhi, and Indian Institute of Technology, New Delhi, among many others.

Dr. Kelkar has also taught at Administrative Staff College of India, Hyderabad, Center for Economic Development and Administration, Kathmandu, Nepal, South Asia Institute, Heidelberg University, Germany and University of California at Berkeley, USA.

Mr. Paul Zuckerman
Non Executive & Independent Director

Mr. Keki Dadiseth
Non Executive & Independent Director

Mr. Paul Zuckerman, aged 68 years, has done PhD in Agricultural Economics from Reading University, United Kingdom and M.A. in Economics from Cambridge University.

Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited and is a director of a number of companies around the world. He has been associated with various international organisations, including the World Bank. Mr. Zuckerman was the Vice Chairman of SG Warburg International, prior to its acquisition by UBS, and was responsible for business in India and Latin America. During his tenure at SG Warburg International, he was closely associated with a number of Indian companies and institutions in the early days of globalisation.

Mr. Keki Dadiseth, aged 68 years, is a Fellow Member of the Institute of Chartered Accountants in England & Wales.

Mr. Dadiseth has had an illustrious career of over 27 years at Hindustan Unilever Limited between1973-2000. He served as the Chairman of the Board between 1996-2000, after which he was elected to the main Boards and executive committees of Unilever PLC and Unilever NV. He retired on reaching the age of superannuation at the end of 2005.

Mr. Dadiseth serves on the Boards of several leading Indian public companies.

He is a non-executive chairman of Omnicom India Marketing Advisory Services Private Limited and Chairman of the Convening Board of Marsh & McLennan Companies Inc. India. He is a member of the International Advisory Board of Fleishman-Hillard Inc. and a member of Strategic Advisory Boards of Atos India Private Limited, The World Gold Council, Accenture Services Private Limited and PricewaterhouseCoopers Private Limited.

Previously, Mr. Dadiseth served as the Non-Executive Chairman of Sony India Private Limited and Senior Advisor to Sony Group in India. He was also a Non-Executive Director of Prudential PLC, UK between 2005-2013. He was also on the International Advisory Board of Goldman Sachs between 2006-2012.

Mr. Dadiseth has been closely associated with various industry, educational, management and medical bodies. He serves as a Trustee of Sir Ratan Tata Trust and is the Chairman of the Managing Committee of Breach Candy Hospital Trust. He is a Member of the Executive Committee of The B D Petit Parsee General Hospital. He also serves as a Member of the executive Board of The Indian School of Business (ISB), Hyderabad.

Firm Management

At JM Financial, we have invested our business with the right resilience and values, enabling us to create sustainable value for the long-term. We believe that our value-driven approach to business, coupled with the growth foreseen in India, will result in JM Financial emerging as an even stronger player in the Indian financial services space.

Nimesh Kampani
Group Chairman

As India enters into a new orbit of growth, we believe that the basic values that have guided JM Financial over the decades are more relevant than ever. They will act as the wind beneath our wings as we move ahead towards building a large financial services house with a clear focus on the long term.

Dipti Neelakantan
Group Chief Operating Officer

With the expectation of a stable government at the Centre and a leadership that seems hungry for performance and growth coupled with buoyant business sentiments all over, India Inc. is poised to take a giant leap in its investment activities. The Government is expected to target on priority the unfinished economic agenda. JM Financial being one of the leading players in the financial services landscape, is all set to take a lead role in this process of growth and carve its place of pride driven strongly by its core values and professional expertise.

V P Shetty
Executive Chairman, JM Financial Products Ltd.

Our Evolution

1973-1990	1991-2002	2003-2007	2008-2010	2011-2014
				International Expansion
			Asset Reconstruction	Asset Reconstruction
			NBFC Debt Trading	NBFC Debt Trading
		NBFC Securities Backed Financing	NBFC Corporate/Securities Backed Financing	NBFC Corporate/Securities Backed Financing
		Alternative Asset Management Private Equity & Real Estate	Alternative Asset Management Private Equity & Real Estate	Alternative Asset Management Private Equity & Real Estate
	Institutional Equities Research and Sales	Institutional Equities Research and Sales	Institutional Equities Research and Sales	Institutional Equities Research and Sales
	Asset Management Mutual Fund	Asset Management Mutual Fund	Asset Management Mutual Fund	Asset Management Mutual Fund
	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR	Cross Border M&A, ADR & GDR
	Broking Equity	Broking Equity, Debt & Commodity	Broking Equity, Debt, Commodity & Currency	Broking Equity, Debt, Commodity & Currency
Wealth Management Investment Advisory	Wealth Management Investment Advisory	Wealth Management Investment Advisory	Wealth Management Investment Advisory	Wealth Management Investment Advisory
Financial Product Distribution	Financial Product Distribution	Financial Product Distribution	Financial Product Distribution	Financial Product Distribution
Investment Banking	Investment Banking	Investment Banking	Investment Banking	Investment Banking

Business Leaders

Institutional Securities Group

Vishal Kampani, MD & CEO
Institutional Securities Group

The Institutional Securities Group has built long and successful relationships with clients owing to the innovative and strategic solutions that we bring to the table. With the expected economic upswing, our mix of businesses coupled with our deep understanding of industry & products will enable us to deliver tremendous value to our strong franchise.

Our active engagement with our portfolio companies will only help us deliver superior and consistent returns.

Atul Mehra, MD & Co-CEO
Investment Banking

As India moves towards a new orbit of growth, we stand ready to partner with our clients to help them capitalise on this growth. Our team of professionals with their intense client focus alongwith our strong adherence to our values and wide range of offerings will help us add tremendous value to clients.

Greg Terry, Executive Vice Chairman
Asia Pacific, Ex-India

India's return to strong growth will also see companies looking abroad for opportunities. With the great traction gained by our Singapore office, JM Financial is better placed than ever to support its clients in their global expansion

Adi Patel, MD & Co-CEO
Investment Banking

With India expected to move into a higher growth orbit, we believe that we are well positioned with a strong commitment to our basic values, our great domain understanding and the strong relationships that we have built over the years.

Amitava Guharoy, MD & CEO
Investment Banking, Asia Pacific, Ex-India

Our constant endeavour to identify and implement value-accretive international opportunities for our clients leveraging our relationships and network across geographies distinguish ourselves from our competitors. We are ideally positioned to take advantage of the significant opportunities which will arise with India re-emerging on the growth path.

Manish Prasad , MD & CEO
Institutional Equities

Widening our institutional client base, differentiating our research product in a competitive market place, enabling smoother access points for our customers and continuing with our ingrained values would help us accelerate our business momentum, apart from creating long term relationships with clients.

Shashwat Belapurkar, MD & CEO
Fixed Income & Real Estate

The Fixed Income Business continues to expand its bouquet of credit offerings. We have in place a strong system for maintaining margins, recoveries and client follow-ups ensuring minimum level of stress on our portfolio. We remain committed to partnering with clients as they look to make the most of the growth phase towards which the country seems to be heading. Our Real Estate fund continue to work closely with our portfolio companies in managing risks that helps protect and enhance asset values for our investors.

Investment advisory and distribution

Rajeev Chitrabhanu, MD & CEO
Investment Advisory and Distribution

With our strategy to stay committed and focused on all our business lines over the years, we would surely benefit from the stable government expected at the Centre. Asset allocation will be important as we expect equities and real estate to outperform all other asset classes over the next few years.

Subodh Shinkar, MD & COO
Investment Advisory and Distribution

Our unbiased investment advice across different asset classes and financial products backed by lending against securities enable our clients to take full advantage of investment opportunities offered by JM Financial. Customised services and trusted advice to clients has always been and will continue to be our strength.

Vipul Shah, Head
Private Wealth Group

At JM Financial Wealth we believe in creating long term value and wealth for our clients using the firm's four decades of capital market expertise. The testimony of it is our satisfied clients and employees who have been with us for very long periods.

Ajay Mishra, Head
Corporate Wealth Group

As the country enters into a new orbit of growth, we believe that our ability to generate ideas, our open architecture platform that provides unbiased third party advisory and comprehensive solutions to our clients will help us fortify our leadership position in Investment Advisory space.

Investment advisory and distribution

Dimplekumar Shah, Head
Equity Brokerage Group

While India is expected to accelerate along the growth path, we believe corporate earnings will be critical for capturing the best returns. Our clients can leverage upon our strong advisory based brokerage platform.

Sanjay Bhatia, Head
Equity Trading Group

As the Indian markets become more globally integrated, we believe that a more integrated approach towards the markets will be critical.

Rohit Singh, Head
IFD Group

Our focus is to create a very strong pipeline of Product Range for our IFDs in order to enable them to serve a diverse profile of customers in the most efficient and competitive manner.

Mutual Fund

Bhanu Katoch, MD & CEO
Mutual Fund

The global economy is on the mend and with the expectation of a stable new government emphasising on development, India seems well positioned to grow at a stronger pace. The Mutual Fund Industry plays a critical role in channelising savings into the Capital Markets. We are geared up to capture this growth opportunity in Capital Markets with our wide range of investment products.

Asset Reconstruction

Anil Bhatia, MD & CEO
Asset Reconstruction

We continuously endeavor to be one of the most efficient players within the asset reconstruction space. Being sector agnostic and geography neutral, we are able to acquire all kinds of NPAs from banks and institutions. Further, with our focus on innovative restructuring options, we add significant value and provide optimum solutions to the borrowers, making it a win-win situation for all stake holders.

Corporate Functions

Prashant Choksi,
Group Head
Compliance, Legal &
Company Secretary

In a continuously evolving economic and regulatory landscape, compliance plays vital role as a key business differentiator. Our objective is to align the Group's business ideology with meticulous actions to meet the requirements of various statutes. Our expertise and experience in understanding the applicable laws coupled with solution driven approach, ensure effective implementation of business strategies. We are committed to facilitate business decisions by providing compliance support and help business groups move towards the path of higher growth.

Manish Sheth,
Group Chief Financial Officer

Beyond the core responsibilities of financial reporting, financial planning & analysis, treasury, audit and tax compliance, our understanding of the economics of business enables us to engage in business operations and strategy.

We have a shared vision of being valued contributors in strategic discussions – adding insight and analysis at critical junctures of decision-making to steer the firm to a higher performance trajectory.

Chaitanya Wagh, Group Head
Information Technology

The Technology team works closely with business owners to design technology strategy and roadmap. Our technology processes are structured to be agile, applications are deployed with mobility in focus and the underlying infrastructure is designed to scale up as per business demand.

Anil Salvi, Group Head
Human Resources & Administration

Our HR processes and practices are developed to support business mission and vision and to enable leaders to cope up with HR growth challenges in form of talent engagement, development and management. The HR business partners work along with businesses for building an organisation that is efficient and competitive without compromising the core values of the group and which fosters the culture of entrepreneurship.

Our Clients Speak

Mr. Vinay Tanna
Corporate Finance M&A Director | DIAGEO

On behalf of the entire deal team at Diageo, I would like to take this opportunity to sincerely thank JM Financial team for their incredible support and advise throughout this landmark transaction. JM Financial offered us a perfect blend of necessary local expertise alongwith international standards of execution and thereby ensuring smooth consummation of a truly multi-faceted and highly complex transaction. We thank JM Financial for playing an integral role in ensuring success of this important transaction and we look forward to work together on matters of mutual interest in future.

Mr. Timothy Bowe
Chief Executive Officer, Foliage, Inc.

We worked with the JM Financial team in Singapore for the strategic sale of Foliage Inc. It was a great experience interacting with the dedicated team of senior professionals, led by Prakash Chellam from Singapore, that they had formed to work on the transaction. We were impressed with their deep understanding of the technology domain and their ability to reach international buyers. The efforts of Prakash and his team made the transaction happen. We wish the firm much success in its endeavors.

Mr. Ramesh Kumar Jain
Chairman cum Managing Director, Pasupati Spinning & Weaving Mills Limited

Besides being a strong brand to be associated with, our experience with JM Financial ARC has been memorable and rewarding. The personal, specialised and dedicated handling of the restructuring exercise by JM Financial ARC has at all times benefitted us in reviving the state of affairs of our Company by restructuring the debt to a sustainable level and guidance for the BIFR approval including conversion of debt into equity. JM Financial's continuous efforts have timely turned around the non-performing image of our Company with re-listing of our equity shares on the Stock Exchange, in which JM Financial ARC also has a significant stake.

Mr. CK Ranganathan
Founder Chairman, CavinKare

JM Financial has helped us at a critical juncture in our growth story. JM Financial is a consummate corporate match-maker who got the best of the investors across the table who understood the FMCG business and were capable of adding value to the company apart from just infusing capital. Right from the Information Memorandum phase the JM Financial team clearly understood the innovation DNA of Cavinkare , provided honest and objective feedback about the strengths and weaknesses of the company, helped us to articulate a compelling story for the investors and evaluate various investor term sheets. Needless to say we at Cavinkare are thoroughly satisfied with the professional approach of JM Financial.

Mr. K N Prithviraj
Administrator of the Specified Undertaking of the Unit Trust of India

We are extremely happy that with JM Financial's efforts, SUUTI has been able to sell part of its holding of Axis Bank shares through bulk trade. We thank the JM Financial team for their efforts in this regard.

Mr. Y. Kiran
Associate Director, Dr Reddys Laboratories Ltd

Our interaction with the Corporate Wealth team has been long-standing and fruitful over the years. Appreciate their proactive approach and value-add.

Mr. Sanjay Chhabria
Managing Director, Wadhwa Developers

It has been a pleasure to work with JM Financial, an institution which believes in building relationships and maintaining them. The institution clearly understands the industry and the developer's needs which makes it delightful to work with them.

Mr. Vinod Kumar
Managing Director, Metallurgical Products (India) Private Limited

I consider it my pleasure to put on record the professional approach adopted by your co-directors and vice presidents. Since your finance team also has technical educational background, it was extremely easy for us to relate to them and discuss in depth our project and the scope of scaling up the same. Although our present business relation has come to an end, we shall be contacting you as and when we are looking for additional finance and advice in related matters.

Notice

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINTH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON THURSDAY, JULY 3, 2014 AT 4.00 P.M. AT KAMALNAYAN BAJAJ HALL, GROUND FLOOR, BAJAJ BHAVAN, JAMNALAL BAJAJ MARG, NARIMAN POINT, MUMBAI–400 021 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date, both on Standalone and Consolidated basis together with the reports of the Board of Directors and the Auditors thereon.
2. To declare final dividend.
3. To appoint Auditors and fixed their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s. Khimji Kunverji & Co., Chartered Accountants, (Registration No. 105146W), be and are hereby re-appointed as the Statutory Auditors of the Company for a period of three years from the date of this AGM (subject to ratification of the appointment by the Members at every AGM held after this AGM), at a remuneration to be decided by the Board of Directors of the Company."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Paul Zuckerman (DIN 00112255), Director of the Company who retires by rotation at the Twenty Ninth Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Dr. Vijay Kelkar (DIN 00011991), Director of the Company who retires by rotation at the Twenty Ninth Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. E A Kshirsagar (DIN 00121824), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Darius E Udwadia (DIN 00009755), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."
8. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

Notice (contd.)

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act, Mr. Keki Dadiseth (DIN 00052165), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013, the Articles of Association of the Company be and are hereby altered by inserting the following new Article 143 A after the existing Article 143:

   143A Chairman to act as Managing Director or Chief Executive Officer at the same time.

   The Chairman of the Board of the Company may also be appointed, and act as, the Managing Director or Chief Executive Officer of the Company at the same time."

   "RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may consider necessary, expedient, usual or proper to give full effect to the above resolution."

By Order of the Board

P K Choksi
Group Head - Compliance, Legal
& Company Secretary

Date: May 6, 2014

Registered Office:
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai - 400 025
(CIN: L67120MH1986PLC038784)

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A person can act as proxy on behalf of members not exceeding 50 (fifty) in number and holding in the aggregate not more than ten percent of the total share capital of the Company. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. A member holding more than 10% of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

1. The relevant statement to be annexed to the Notice pursuant to Section 102 of the Companies Act, 2013 ('the Act'), which sets out details relating to Special Business at item nos. 4 to 9 and of the Notice set out above are annexed hereto.
2. Members are requested to:
   - i bring their copies of the annual report and the attendance slip duly completed and signed at the meeting.
   - ii quote their respective folio numbers or DP ID and Client ID numbers for easy identification of their attendance at the meeting.
3. Bodies Corporate members are requested to send a certified copy of the board resolution authorising their representatives to attend and vote at the meeting.
4. The Register of Members of the Company will remain closed from Friday, June 27, 2014 to Thursday, July 3, 2014 (both the days inclusive).
5. The final dividend as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid to those members on and from July 5, 2014:
   - i whose names appear in the Register of Members at the close of business hours on Thursday, June 26, 2014, in respect of shares held in physical form; and
   - ii whose names appear in the statement of beneficial ownership furnished by National Securities Depository

Limited and Central Depository Services (India) Limited at the close of the business hours on Thursday, June 26, 2014, in respect of shares held in dematerialised form.

6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, the amount of dividend which remain unclaimed or unpaid for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) of the said Section is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the unclaimed dividend in respect of the financial year 2006-07 is due for transfer to the IEPF in October 2014. The Company has sent reminder letters to those members who have not claimed their dividend for the financial year 2006-07. Members, who have not yet claimed their dividend for the financial year 2006-07 or for any subsequent financial years, are requested to claim the same from the Company. No claims shall lie against IEPF or the Company in respect of the amount of dividend remaining unclaimed after the said transfer to IEPF.

   The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 (IEPF Rules), to help the members ascertain status of the unclaimed dividend amounts. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends for the financial years from 2006-07 to 2011-12 and in respect of the interim dividend for the financial year 2012-13 as on the date of the Twenty Eighth Annual General Meeting (AGM) held on July 31, 2013, on the website of the IEPF viz., www.iepf.gov.in and under "Investor Relations" section on the Website of the Company viz. www.jmfl.com.

7. Pursuant to the provisions of Section 205A(5) of the Companies Act 1956, the Company has transferred an amount of ₹258,978/- being the unclaimed dividend for the financial year 2005-06 to IEPF on October 29, 2013.

8. Pursuant to the provisions of Sections 101 and 136 of the Act read with 'The Companies (Accounts) Rules, 2014' electronic copy of the Annual Report for the financial year 2013-14 is being sent to all the members who hold shares in dematerialised mode/physical mode and whose email IDs are registered with their respective Depository Participants (DPs), the Company or Sharepro Services (India) Private Limited for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses so far are requested to promptly register the same with their DPs or with the Company/Sharepro Services (India) Private Limited, as the case may be. Physical copies of the Annual Report for the said year will be sent in the permitted mode in cases where the email addresses are not available with the Company.

9. Electronic copy of the Notice of the Twenty Ninth Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members who hold shares in dematerialised mode and whose email IDs are registered with the Depository Participants for communication purposes unless any member has requested for a hard copy of the same. For those members who have not registered their email address, physical copies of the Notice of the Twenty Ninth Annual General Meeting (AGM) of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

10. Members may also note that the Notice of the Twenty Ninth Annual General Meeting and the Annual Report for the financial year 2013-14 will also be available on the Company's website www.jmfl.com for their download. The physical copies of the aforesaid documents will also be available at the Company's registered office in Mumbai for inspection during normal business hours on all the working days except Saturdays. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send their requests to the Company's investor email id: shareholdergrievance@jmfl.com.

11. Voting through electronic means

   I. In compliance with provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members, the facility to exercise their right to vote at the Twenty Ninth Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL). The

Notice (contd.)

instructions for e-voting are as under:

A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/their respective DPs]:

(i) Open email and open PDF file with the Client ID or Folio No. as password. The said PDF file will contain the member's user ID and password/PIN for e-voting. Please note that the password will be an initial password.

(ii) Launch internet browser by typing the following URL: **https://www.evoting.nsdl.com/**

(iii) Click on member - Login.

(iv) Put user ID and password as initial password/ PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended that the members should not share their password with any other person and take utmost care to keep their password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of JM Financial Limited.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional members (i.e., other than individuals, HUF, NRIs, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to jayshreedagli@gmail.com or shareholdergrievance@jmfl.com with a copy marked to evoting@nsdl.co.in.

B. In case a member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/their respective DPs or requesting physical copy] :

(a) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number)
USER ID PASSWORD/PIN

(b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of **www.evoting.nsdl.com**.

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.

V. The e-voting period commences on June 27, 2014 (9:00 am) and ends on June 29, 2014 (6:00 pm). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of May 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter.

VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of May 29, 2014.

VII. Ms. Jayshree S Joshi, Company Secretary (Membership No. FCS 1451), Proprietor of M/s. Jayshree Dagli & Associates, Company Secretaries, Mumbai has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting

period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. The Results shall be declared at the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.jmfl.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company.

12. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nominations may send their request in Form 2B in duplicate (which will be made available on request) to the Registrars and Share Transfer Agents (RTA) of the Company.

13. The Company has made necessary arrangements for the members to hold their shares in dematerialised (Demat) form. Members are also entitled to make nomination in respect of the shares held by them in Demat form with their DPs. Those members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the DPs. In case any member wishes to dematerialise his/her/its shares and needs any assistance, he/she/it may write to the Company Secretary at the registered office of the Company.

14. The annual listing fees for the financial year 2014-15 have been paid to the stock exchanges where the Company's equity shares are listed.

15. Members holding the equity shares under multiple folios in identical order of names are requested to consolidate their holdings into one folio.

16. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in their address or demise of any member as soon as possible. Members are also advised not to leave their demat accounts dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.

17. Payment of dividend through Electronic Clearing Services (ECS) /National Electronic Clearing Services (NECS):

    All companies are mandatorily required to use ECS/NECS facility wherever available for distributing dividends, wherein the dividend amount would be directly credited to the members' respective bank accounts.

    Members holding shares in electronic form are hereby informed that bank particulars registered in their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the DP of the members. Members holding shares in physical form and desirous of either registering their bank particulars or changing bank particulars already registered against their respective folios for payment of dividend are requested to write to the Company or the RTA.

18. Members are requested to immediately notify any change in their address to:

    - their DPs in case they hold shares in electronic form; and
    - RTA of the Company along with their bank account details in case they hold shares in physical form

    so as to enable the Company to despatch the dividend pay orders or the communication relating to the ECS / NECS at their new address.

REQUEST TO MEMBERS

Members are requested to send their question(s), if any, to the Company Secretary/Chief Financial Officer at the Registered Office of the Company, on or before June 25, 2014, so that the answers/details can be kept ready at the Annual General Meeting.

Annexure to Notice

STATEMENT TO BE ANNEXED TO NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4

Mr. Paul Zuckerman is a Non-Executive and Independent Director of the Company. He joined the Board of the Company on October 29, 2007 as an additional director. He was appointed as a director liable to retire by rotation at the Twenty Third Annual General Meeting held on July 25, 2008. Mr. Zuckerman retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ('the Act'), Mr. Zuckerman being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

The Company has received a notice alongwith the deposit of requisite amount under Section 160 of the Act from a member proposing Mr. Zuckerman as a candidate for the office of Director of the Company. Mr. Zuckerman has confirmed to the Board that he qualifies to be an independent director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Mr. Zuckerman fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Zuckerman and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board commends the passing of the ordinary resolution proposed at item no. 4 of the Notice. Copy of the draft letter for appointment of Mr. Zuckerman as an Independent Director setting out the terms and conditions will be available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Brief profile of Mr. Zuckerman and the disclosures required under Clause 49 of the Listing Agreement are given as additional information of Directors, which forms part of the Notice.

Mr. Paul Zuckerman is interested in the resolution proposed at item no. 4 of the Notice since it relates to his own appointment.

Item no. 5

Dr. Vijay Kelkar is a Non-Executive and Independent Director of the Company. He joined the Board of Directors of the Company on March 19, 2010 as an additional director. He was appointed as a director liable to retire by rotation at the Twenty Fifth Annual General Meeting held on July 28, 2010. Dr. Kelkar retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 ('the Act'), Dr. Kelkar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

The Company has received a notice alongwith the deposit of requisite amount under Section 160 of the Act from a member proposing Dr. Kelkar as a candidate for the office of Director of the Company. Dr. Kelkar has confirmed to the Board that he qualifies to be an independent director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Dr. Kelkar fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Dr. Kelkar and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board commends the passing of the ordinary resolution proposed at item no. 5 of the Notice. Copy of the draft letter for appointment of Dr. Kelkar as an Independent Director setting out the terms and conditions will be available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Brief profile of Dr. Kelkar and the disclosures required under Clause 49 of the Listing Agreement are given as additional information of Directors, which forms part of the Notice.

Dr. Vijay Kelkar is interested in the resolution proposed at item no. 5 of the Notice since it relates to his own appointment.

Item no. 6

Mr. E A Kshirsagar is a Non-Executive and Independent Director of the Company. He joined the Board of Directors of the Company on May 28, 2004 as an additional director. He was appointed as a director liable to retire by rotation at the Nineteenth Annual General Meeting held on August 2, 2004. Mr. Kshirsagar is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable

provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013 ('the Act'), Mr. Kshirsagar being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

The Company has received a notice alongiwth the deposit of requisite amount under Section 160 of the Act from a member proposing Mr. Kshirsagar as a candidate for the office of Director of the Company. Mr. Kshirsagar has confirmed to the Board that he qualifies to be an independent director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Mr. Kshirsagar fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Kshirsagar and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board commends the passing of the ordinary resolution proposed at item no. 6 of the Notice. Copy of the draft letter for appointment of Mr. Kshirsagar as an Independent Director setting out the terms and conditions will be available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Brief profile of Mr. Kshirsagar and the disclosures required under Clause 49 of the Listing Agreement are given as additional information of Directors, which forms part of the Notice.

Mr. E A Kshirsagar is interested in the resolution proposed at item no. 6 of the Notice since it relates to his own appointment.

Item no. 7

Mr. Darius E Udwadia is a Non-Executive and Independent Director of the Company. He joined the Board of Directors of the Company on June 1, 2006 as an additional director. He was appointed as a director liable to retire by rotation at the Twenty First Annual General Meeting held on September 7, 2006. Mr. Udwadia is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013 ('the Act'), Mr. Udwadia being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

The Company has received a notice alongwith the deposit of requisite amount under Section 160 of the Act from a member proposing Mr. Udwadia as a candidate for the office of Director of the Company. Mr. Udwadia has confirmed to the Board that he qualifies to be an independent director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Mr. Udwadia fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board of Directors is of the view that your Company would greatly benefit from the rich and varied experience of Mr. Udwadia and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board commends the passing of the ordinary resolution proposed at item no. 7 of the Notice. Copy of the draft letter for appointment of Mr. Udwadia as an Independent Director setting out the terms and conditions will be available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Brief profile of Mr. Udwadia and the disclosures required under Clause 49 of the Listing Agreement are given as additional information of Directors, which forms part of the Notice.

Mr. Darius E Udwadia is interested in the resolution proposed at item no. 7 of the Notice since it relates to his own appointment.

Item no. 8

Mr. Keki Dadiseth is a Non-Executive and Independent Director of the Company. He joined the Board of Directors of the Company on October 30, 2012 as an additional director. He was appointed as a director liable to retire by rotation at the Twenty Eighth Annual General Meeting held on July 31, 2013. Mr. Dadiseth is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013 ('the Act'), Mr. Dadiseth being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years.

The Company has received a notice alongwith the deposit of

Annexure to Notice (contd.)

requisite amount under Section 160 of the Act from a member proposing Mr. Dadiseth as a candidate for the office of Director of the Company. Mr. Dadiseth has confirmed to the Board that he qualifies to be an independent director as per the meaning given in Clause 49(I)(A)(iii) and Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. In the opinion of the Board, Mr. Dadiseth fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The Board of Directors considers that his continued association would immensely benefit the Company and it is desirable to continue to avail services of Mr. Dadiseth as an Independent Director. Accordingly, the Board commends the passing of the ordinary resolution proposed at item no. 8 of the Notice. Copy of the draft letter for appointment of Mr. Dadiseth as an Independent Director setting out the terms and conditions will be available for inspection by members at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

Brief profile of Mr. Dadiseth and the disclosures required under Clause 49 of the Listing Agreement are given as additional information of Directors, which forms part of the Notice.

Mr. Keki Dadiseth is interested in the resolution proposed at item no. 8 of the Notice since it relates to his own appointment.

Item no. 9

Mr. Nimesh Kampani has been, and is, the Chairperson of the Company as well as its Managing Director.

Section 203 of the Companies Act, 2013 ('the Act'), which came into force from April 1, 2014, provides that unless the Articles of Association of the Company provide otherwise, an individual shall not after April 1, 2014 be appointed/reappointed as Chairperson of the Company as well as its Managing Director or Chief Executive Officer at the same time.

The existing Articles of Association of the Company do not provide that the Chairperson of the Company can also be its Managing Director or Chief Executive Officer at the same time, as there was no such requirement under the Companies Act, 1956.

Having regard to the provisions of the newly enacted Section 203, it is proposed therefore to alter the Articles of Association to insert a new Article 143A after the present Article 143, providing for the Chairperson of the Company to be also appointed, and to act as, the Managing Director or Chief Executive Officer of the Company at the same time. The proposed new Article 143A has been set out in extenso in the text of the Special Resolution at item no. 9 of the Notice.

The alteration of the existing Articles of Association in the manner provided in the Special Resolution at item no. 9 of the Notice would require to be approved by a Special Resolution of the members in general meeting in terms of Section 14 of the Act. Hence, the Special Resolution.

A copy of the Company's Articles of Association will be available for inspection at the registered office of the Company between 2.00 p.m. and 4.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

The Board of Directors commends passing of the Special Resolution proposed at item no. 9 of the Notice.

Mr. Nimesh Kampani is interested in the Special Resolution at item no. 9 since Mr. Kampani is the Chairman and Managing Director of the Company.

By Order of the Board

P K Choksi
Group Head - Compliance, Legal
& Company Secretary

Date: May 6, 2014

Registered Office:
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai - 400 025
(CIN: L67120MH1986PLC038784)

ADDITIONAL INFORMATION OF DIRECTORS SEEKING APPOINTMENT AT THE TWENTY NINTH ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT AS ON MARCH 31, 2014

Name of the Director	Mr. Paul Zuckerman		
Date of Birth	June 22, 1945		
Date of Appointment	October 29, 2007		
Qualifications	M.A. in Economics, Ph.D in Agricultural Economics.		
Expertise in specific functional areas	Economics & Finance		
Brief Profile	Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited and is a director of a number of companies around the world. He has been associated with various international organisations, including the World Bank. Mr. Zuckerman was the Vice Chairman of SG Warburg International, prior to its acquisition by UBS, and was responsible for business in India and Latin America. During his tenure at SG Warburg International, he was closely associated with a number of Indian companies and institutions in the early days of globalisation.		
Directorships held in other public companies excluding foreign companies	• Great Eastern Energy Corporation Limited • JM Financial Institutional Securities Limited		
Membership of Committees in other public companies*	**Name of the Company**	**Audit Committee**	**Shareholders' Grievance Committee**
	Great Eastern Energy Corporation Limited	Member	–
Shareholding in the Company	Mr. Zuckerman did not hold any equity shares in the Company as on March 31, 2014.		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Annexure to Notice (contd.)

Name of the Director	Dr. Vijay Kelkar		
Date of Birth	May 15, 1942		
Date of Appointment	March 19, 2010		
Qualifications	B.S. from University of Pune, India, 1963, M.S. from University of Minnesota, USA, 1965 and Ph.D from University of California at Berkeley, USA, 1970.		
Expertise in specific functional areas	Economist		
Brief Profile	Dr. Vijay L. Kelkar is currently the Chairman of the India Development Foundation, New Delhi. He was the Chairman, Forum of Federations, Ottawa from January 2010 to March 2013. He was the Chairman of the Finance Commission in the rank of a Union Cabinet Minister until January, 2010. He was earlier Advisor to the Minister of Finance in the rank of a Minister of State from 2002 to 2004, and is known for his role in economic reforms in India. Prior to this, he has held various senior level positions in Government of India (GOI) as well as in international organizations including Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the IMF from August, 1999 to August, 2002; Finance Secretary, GOI, 1998–1999; Chairman, Tariff Commission, GOI, 1997–1998: Secretary, Ministry of Petroleum & Natural Gas, GOI, 1994–1997; Director & Coordinator, International Trade Division, UNCTAD, Geneva, Switzerland, 1991–1994; Chairman, Bureau of Industrial Costs & Prices and Secretary to the GOI, 1987–1991; Secretary, Economic Advisory Council to the Prime Minister, GOI, 1985–1988; Advisor, Economic Policy & Planning, Ministry of Petroleum & Natural Gas, GOI, 1982–1987; Economic Advisor, Ministry of Commerce, GOI, 1977–1981. Dr. Kelkar chaired Task Force for implementation of the Fiscal Responsibility and Budget Management Act, Ministry of Finance, Government of India, 2004; Task Force on Direct Taxes, Ministry of Finance, Government of India, 2002 as well as Task Force on Indirect Taxes, Ministry of Finance, Government of India, 2002. In the year 2012, he chaired the Committee appointed by the Finance Minister to outline a roadmap for fiscal consolidation. In January 2011, the President of India awarded him "PADMA VIBHUSHAN", the second highest Civilian Award for distinguished and exceptional service to the Nation. Dr. Kelkar has been member of Board of Directors, Advisory Council and Board of Governors of various global companies and organizations including Tata Consulting Services, CITI Group, Hero Motors, Indian Council for Research on International Economic Relations, Administrative Staff College of India, Hyderabad, India National Innovation Foundation, Ahmedabad, Indian Society of Energy and Environment Economics, New Delhi, and Indian Institute of Technology, New Delhi, among many others. Dr. Kelkar has also taught at Administrative Staff College of India, Hyderabad, Center for Economic Development and Administration, Kathmandu, Nepal, South Asia Institute, Heidelberg University, Germany and University of California at Berkeley, USA.		
Directorships held in other public companies excluding foreign companies	• Britannia Industries Limited • Go Airlines (India) Limited • Green Infra Limited • JSW Steel Limited • Lupin Limited • Tata Consultancy Services Limited • Tata Chemicals Limited		
Membership of Committees in other public companies*	**Name of the Company**	**Audit Committee**	**Shareholders' Grievance Committee**
	Tata Consultancy Services Limited Lupin Limited	Member –	– Chairman
Shareholding in the Company	Dr. Kelkar did not hold any equity shares in the Company as on March 31, 2014.		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Name of the Director	Mr. E A Kshirsagar		
Date of Birth	September 10, 1941		
Date of Appointment	May 28, 2004		
Qualifications	B.Sc, FCA (England & Wales)		
Expertise in specific functional areas	Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments and Mergers & Acquisitions		
Brief Profile	Mr. Kshirsagar has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, Mergers & Acquisitions. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as the Senior Partner. Mr. Kshirsagar is the Chairman of the Board of Trustees of the Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (formerly, Prince of Wales Museum) and Hon. Treasurer of Bombay Natural History Society (BNHS).		
Directorships held in other public companies excluding foreign companies	• Batliboi Limited • JM Financial Products Limited • Manappuram Finance Limited • Merck Limited • Rallis India Limited • Tata Chemicals Limited		
Membership of Committees in other public companies*	**Name of the Company**	**Audit Committee**	**Shareholders' Grievance Committee**
	Batliboi Limited	Chairman	–
	JM Financial Products Limited	Chairman	–
	Manappuram Finance Limited	Member	–
	Merck Limited	Member	–
	Rallis India Limited	Chairman	Member
	Tata Chemicals Limited	Member	–
Shareholding in the Company	Mr. Kshirsagar did not hold any shares of the Company as on March 31, 2014.		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Annexure to Notice (contd.)

Name of the Director	Mr. Darius E Udwadia		
Date of Birth	September 27, 1939		
Date of Appointment	June 1, 2006		
Qualifications	B.A, M.A, LL B Solicitor & Advocate of the Bombay High Court and Solicitor of the Supreme Court of England.		
Expertise in specific functional areas	Senior Partner of the law firm of Udwadia Udeshi & Argus Partners. Has over 49 years of active law practice, acquired knowledge, experience and expertise in corporate law, mergers and acquisition, joint ventures, project finance and conveyancing.		
Brief Profile	Mr. Udwadia is a founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates since July, 1997 which is presently named M/s. Udwadia Udeshi & Argus Partners. Prior to July 1997, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates for over 20 years. He and his Firm are legal advisors to Indian and multinational companies. Mr. Udwadia has during his 49 years of active law practice acquired substantial knowledge, skill, experience and expertise in areas of corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project finance, intellectual property, international loans and finance related transactions, real estate and conveyancing.		
Directorships held in other public companies excluding foreign companies	• ABB India Limited • AstraZeneca Pharma India Limited • The Bombay Burmah Trading Corporation Limited • ITD Cementation India Limited • IRD Mechanalysis Limited • JM Financial Products Limited • MPS Limited • Wyeth Limited • WABCO India Limited		
Membership of Committees in other public companies*	**Name of the Company**	**Audit Committee**	**Shareholders' Grievance Committee**
	ABB India Limited	Member	Chairman
	AstraZeneca Pharma India Limited	Member	–
	The Bombay Burmah Trading Corporation Limited	Member	–
	ITD Cementation India Limited	Member	–
	MPS Limited	Member	–
	Wyeth Limited	Member	–
	WABCO India Limited	Member	–
Shareholding in the Company	Mr. Udwadia did not hold any shares of the Company as on March 31, 2014.		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Name of the Director	Mr. Keki Dadiseth		
Date of Birth	December 20, 1945		
Date of Appointment	October 30, 2012		
Qualifications	FCA (England & Wales)		
Expertise in specific functional areas	General Management and Finance		
Brief Profile	Mr. Keki Dadiseth has had an illustrious career of over 27 years at Hindustan Unilever Limited between1973-2000. He served as the Chairman of the Board between 1996-2000, after which he was elected to the main boards and executive committees of Unilever PLC and Unilever NV. He retired on reaching the age of superannuation at the end of 2005. He is the non-executive chairman of Omnicom India Marketing Advisory Services Private Limited and Chairman of the Convening Board of Marsh & McLennan Companies Inc. India. He is a member of the International Advisory Board of Fleishman-Hillard Inc. and a member of Strategic Advisory Boards of Atos India Private Limited, The World Gold Council, Accenture Services Private Limited and PricewaterhouseCoopers Private Limited. Previously, Mr. Dadiseth served as Non-Executive Chairman of Sony India Private Limited and Senior Advisor to Sony Group in India. He was also the Non-Executive Director of Prudential PLC, UK between 2005-2013. He was also on the International Advisory Board of Goldman Sachs between 2006-2012. Mr. Dadiseth has been closely associated with various industry, educational, management and medical bodies. He serves as a Trustee of Sir Ratan Tata Trust and is the Chairman of the Managing Committee of Breach Candy Hospital Trust, and Member of the Executive Committee of The B D Petit Parsee General Hospital. He also serves as a Member of the executive board of The Indian School of Business (ISB), Hyderabad.		
Directorships held in other public companies excluding foreign companies	• Britannia Industries Limited • Godrej Properties Limited • ICICI Prudential Life Insurance Company Limited • ICICI Prudential Trust Limited • JM Financial Services Limited • Piramal Enterprises Limited • Siemens Limited • The Indian Hotels Company Limited		
Membership of Committees in other public companies*	**Name of the Company**	**Audit Committee**	**Shareholders' Grievance Committee**
	Britannia Industries Limited	Member	-
	Godrej Properties Limited	Chairman	-
	ICICI Prudential Life Insurance Company Limited	Chairman	-
	Piramal Enterprises Limited	Member	-
	Siemens Limited	Member	-
	The Indian Hotels Company Limited	Chairman	-
Shareholding in the Company	Mr. Dadiseth did not hold any shares of the Company as on March 31, 2014.		

*only Audit Committee and Shareholders' Grievance Committee memberships have been considered.

Directors' Report

To
The Members,

The Directors of your Company take pleasure in presenting the Twenty Ninth Annual Report together with the annual audited financial statements for the financial year ended March 31, 2014.

FINANCIAL RESULTS

Summary of the Company's financial performance, both on consolidated and standalone basis, for FY 2013-14 as compared to the previous financial year is given below:

(₹ in Crore)

	Consolidated		Standalone	
Particulars	**2013-14**	**2012-13**	**2013-14**	**2012-13**
Gross income	1,006.67	1,042.23	87.16	56.19
Profit before depreciation and amortisation expenses, finance costs & tax expenses	**603.23**	**643.01**	**75.27**	**49.04**
Less: Depreciation and amortisation expenses	15.24	12.16	0.41	0.26
Finance costs	307.83	376.92	0.09	0.03
Profit before tax	**280.16**	**253.93**	**74.77**	**48.75**
Current tax	83.19	74.68	3.75	2.60
Deferred tax	(4.83)	(1.75)	(0.03)	(0.14)
Tax adjustments of earlier years (net)	1.62	2.00	-	1.48
Profit after tax but before minority interest and share in associate companies	**200.18**	**179.00**	**71.05**	**44.81**
Less: Share of minority interest	15.15	15.94	-	-
Add: Share in profit of associates	24.50	19.86	-	-
Net Profit	**209.53**	**182.92**	**71.05**	**44.81**
Add: Balance profit brought forward from previous year	1,379.51	1,315.92	1,075.90	1,108.77
Profit available for appropriation	**1,589.04**	**1,498.84**	**1,146.95**	**1,153.58**
Less: **Appropriations**				
Interim dividend	33.99	30.06	33.99	30.06
Proposed final dividend	41.61	37.71	41.61	37.71
Dividend on equity shares allotted after the adoption of previous years' accounts	0.02	0.03	0.02	0.03
Dividend distribution tax	13.58	15.94	1.08	4.88
Transferred to General reserve	11.40	6.54	7.50	5.00
Transferred to Statutory reserve	27.10	25.30	-	-
Transferred to Capital redemption reserve	4.64	3.75	-	-
Surplus carried to balance sheet	**1,456.70**	**1,379.51**	**1,062.74**	**1,075.90**

DIVIDEND

The Board of Directors at its meeting held on January 29, 2014 had declared an interim dividend of ₹0.45 per equity share of ₹1/- each, which was paid to the members on February 14, 2014. Your Directors are now pleased to recommend a final dividend of ₹0.55 per share for the financial year 2013-14. With this recommendation, the total dividend for the financial year 2013-14 works out to ₹1.00 per share (Previous year ₹ 0.90 per share). The total outgo on account of interim and final dividend would be ₹75.60 Crore for the financial year 2013-14 as against ₹67.77 Crore in the previous year. The total amount of dividend distribution tax, on a consolidated basis, is ₹13.58 Crore as against ₹15.94 Crore in the previous year.

The final dividend, if declared at the ensuing Annual General Meeting, will be paid on and from July 5, 2014 to those members whose names appear in the Register of Members at the close of the business hours on June 26, 2014. In respect of shares held in dematerialised form, dividend will be credited to the bank account of the members as per the data furnished by the Depositories as at the close of business hours on June 26, 2014.

FINANCIAL PERFORMANCE

Consolidated

The consolidated turnover of JM Financial Group stood at ₹1,006.67 Crore for the financial year ended March 31, 2014 as against ₹1,042.23 Crore for the previous year. The group made a net profit of ₹209.53 Crore for the year ended March 31, 2014 as compared to the net profit of ₹182.92 Crore in the previous year. Despite a lower consolidated turnover during the current year as compared to the previous year, the consolidated net profit was higher indicating improved earning margin.

The consolidated financials reflect the cumulative performances of various businesses of JM Financial Group that are housed in various subsidiaries and associates. Detailed discussion about these businesses is contained in the Management Discussion and Analysis section forming part of this report.

Standalone

Being a Core Investment Company, most of our revenue is in nature of income on investments.

The turnover of the Company on a standalone basis stood at ₹87.16 Crore for the year ended March 31, 2014 as against ₹56.19 crore in the previous year. The Company made a net profit of ₹71.05 Crore for the year ended March 31, 2014 as compared to the net profit of Rs. 44.81 Crore in the previous year.

SHARE CAPITAL

Issue of shares arising out of Employee Stock Option Scheme

The paid-up share capital of your Company increased by ₹37,28,835 during the FY 2013-14, on account of allotment of 37,28,835 equity shares of ₹1/- each on exercise of stock options by the eligible employees (the Employees) under Employees Stock Option Scheme – Series 4 and Series 5. As on March 31, 2014, the paid-up capital of your Company stood at ₹75,53,43,497 (comprising 75,53,43,497 equity shares of ₹1/- each) as against ₹75,16,14,662 as at the end of the previous financial year (comprising 75,16,14,662 equity shares of ₹1/- each).

Additionally, the Allotment Committee of the Board at its meetings held on April 29, 2014 and May 6, 2014 has respectively allotted 9,02,978 and 3,23,301 equity shares to the Employees arising out of the exercise of stock options by them. With the said allotment, the paid-up equity share capital of your Company has increased post March 31, 2014 to ₹75,65,69,776 representing 75,65,69,776 equity shares of the face value of ₹1/- each. Excercise price of the options under Series 4, 5 and 6 is ₹1/- share.

The difference between the market price and the exercise price on the date of the grant of the stock options is being paid by the respective subsidiary companies in respect of the Employees to whom the stock options have been granted and such amount is credited to the Securities Premium Account on allotment of the shares upon exercise of the stock options by them.

Issue and allotment of Warrants

Consequent upon receipt of the approval of the members at the Extraordinary General Meeting held on June 14, 2013 and the regulatory approvals to the extent required, your Company has issued (on a preferential basis) and allotted 2,32,93,878 Warrants to Mr. Vikram Shankar Pandit (1,16,46,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants) and Mrs. Aparna Murthy Aiyar (58,23,469 Warrants). The Company has received ₹11.09 crore from the above investors calculated at 25% of the total amount payable by them @ ₹19.05 per equity share as required under the applicable regulations issued by SEBI for the issues on a preferential basis. The details of the Warrants allotted by the Allotment Committee of the Board to the above persons are given below:

Directors' Report (contd.)

Name	No. of Warrants Allotted	Date of Allotment	Right to exercise the Warrants
Mr. Vikram Shankar Pandit	1,16,46,939	December 16, 2013	Within a period of 12 months from the date of allotment of the Warrants, in terms of the approval given by the Foreign Investment Promotion Board i.e. on or before December 15, 2014
Mr. Hariharan Ramamurthi Aiyar	58,23,470	June 27, 2013	Within a period of 18 months from the date of allotment of the Warrants i.e. on or before December 26, 2014
Mrs. Aparna Murthy Aiyar	58,23,469	June 27, 2013	Within a period of 18 months from the date of allotment of the Warrants i.e. on or before December 26, 2014

EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Compensation Committee of the Board of your Company granted 36,45,774 stock options to the eligible employees (the Employees) under the Employees' Stock Option Scheme – Series 6 on May 6, 2013. Out of 3,48,35,943 stock options so far granted under Series 1 to 6, 41,83,933 stock options have lapsed due to the cessation of the Employees. The aggregate number of stock options outstanding as on March 31, 2014 is 2,51,78,013. The particulars of the total number of options granted, options exercised and options lapsed till March 31, 2014 is given below:

Particulars as on March 31, 2014	No. of Options
Total No. of stock options granted	**3,48,35,943**
Less: No. of stock options exercised	54,73,997
Less: No. of stock options lapsed	41,83,933
No. of stock options outstanding as on March 31, 2014	**2,51,78,013**

The Compensation Committee has further granted 44,85,267 stock options to the Employees under the Employees' Stock Option Scheme - Series 7 with grant date of April 1, 2014. These options will vest in three equal tranches at the end of first, second and third year from the date of grant.

The disclosures required to be made under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure I to this Report.

DEPOSITS

Your Company has neither invited nor accepted any deposits from Public under Section 58A of the Companies Act, 1956 during the year under review.

APPLICATION FOR BANKING LICENSE

As was reported in the previous year's Directors' Report, your Company had made an application to the Reserve Bank of India (RBI) for a banking license in accordance with the guidelines issued by the RBI for licensing of new banks in the private sector on February 22, 2013. The RBI has since given 'in principle' approval for setting up bank to two applicants out of all the applicants, your Company was not one of them. The RBI has stated in its Press Release that it intends to use the learning from this licensing exercise to revise the Guidelines appropriately and move towards giving licences more regularly, i.e., virtually "on tap". Further, it has stated to frame categories of differentiated bank licences to allow a wider pool of entrants into banking. Your Company will await future announcements in this regard to decide its plans.

CORE INVESTMENT COMPANY

Pursuant to an application made by your Company, the RBI has granted registration to your Company as a Core Investment Company. The registration will allow your Company greater flexibility compared to current situation, including the ability to borrow funds and deploy the same to its group entities.

SUBSIDIARY COMPANIES

As on March 31, 2014, your Company had 15 subsidiaries (including step down subsidiaries) viz., JM Financial Institutional Securities Limited, JM Financial Products Limited, JM Financial Asset Management Limited, JM Financial Investment Managers Limited, Infinite India Investment Management Private Limited, JM Financial Properties and Holdings Limited, JM Financial Services Limited, JM Financial Commtrade Limited, JM Financial Insurance

Broking Private Limited, CR Retail Malls (India) Limited, FICS Consultancy Services Limited, JM Financial Overseas Holdings Private Limited (*Mauritius*), JM Financial Singapore Pte Limited (*Singapore*), JM Financial Securities, Inc. (*Delaware - United States of America*) and PT JM Financial Securities Indonesia (*Indonesia*).

During the year under review, FICS Consultancy Services Limited became a subsidiary of your Company. Further, JM Financial Insurance Broking Private Limited, which was hitherto a stepdown subsidiary, became a wholly owned subsidiary of your Company.

As per the provisions of Section 212 of the Companies Act, 1956, your Company is required to attach, inter alia, the Directors' Report, Balance Sheet and Statement of Profit and Loss of its subsidiaries to its annual report. The Ministry of Corporate Affairs, Government of India vide its circular No. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with the provisions of Section 212 subject to fulfillment of certain conditions as mentioned in the said circular. Accordingly, the financial statements of the subsidiaries of your Company are not attached to this Annual Report.

As required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the consolidated financial statements of your Company duly audited by the statutory auditors form part of this Annual Report. Your Company shall make available, the audited annual accounts and related information of its subsidiaries, to those members who wish to have copies of the same and these documents will also be kept open for inspection by any member at the Company's registered office on any working day, except on Saturdays, between 3.00 p.m. and 5.00 p.m. up to the date of the ensuing Annual General Meeting.

AWARDS AND RECOGNITIONS

The following subsidiaries of your Company have been conferred the awards and recognitions during the year under review:

JM Financial Institutional Securities Limited

JM Financial Institutional Securities Limited received the following awards at the M&A Atlas Awards 2013:

- India Deal of the Year (Large Markets) received for the demerger of the Pantaloons format business from Pantaloon Retail (India) Limited and acquisition of controlling stake by the Aditya Birla Group.
- Investment Bank of the Year

JM Financial Services Limited

- At the BSE Awards held on November 3, 2013, JM Financial Services Limited received the following awards:
  - Ranked amongst Top 10 Brokers for the Retail Segment.
  - Ranked amongst Top 3 Brokers for Bidding the IPO Applications and OFS Trades.

REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

The reports on Corporate Governance and Management Discussion and Analysis for the year under review, as stipulated under Clause 49 of the Listing Agreement form part of the Annual Report. The certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is annexed to the Corporate Governance Report.

BOARD OF DIRECTORS

As on March 31, 2014, the Board of Directors of your Company comprised of six Directors one of whom is the Managing Director. The remaining five directors are non-executive and independent directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement, as amended from time to time, and in accordance with the applicable provisions of Companies Act, 2013.

In accordance with the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, your Company is seeking appointment of Mr. E A Kshirsagar, Mr. Darius E Udwadia, Mr. Paul Zuckerman, Dr. Vijay Kelkar and Mr. Keki Dadiseth as Independent Directors for five consecutive years. Details relating to their appointment are mentioned in the Statement annexed to the Notice under Section 102 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair

Directors' Report (contd.)

view of the state of affairs of the Company as at March 31, 2014, and of the profit or loss of the Company for the year under review;

(iii) the Directors have taken proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co, Mumbai, the Statutory Auditors of your Company retire at the ensuing Annual General Meeting and offer themselves for re-appointment. In accordance with Section 139 of the Companies Act, 2013 ('the Act') read with the Rules made thereunder, M/s. Khimji Kunverji & Co, Mumbai, can be appointed as the Statutory Auditors of the Company for a period of maximum three years. They have confirmed that their appointment, if made, shall be in accordance with the provisions of Section 139(1) of the Act read with Companies (Audit and Auditors) Rules, 2014 and that they satisfy the criteria given under Section 141 of the Act. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement. Members are requested to consider their appointment for a period of three years.

The Audit committee and Board of Directors have recommended the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of your Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by your Company, the particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy and Technology Absorption are not applicable to the Company.

During the year under review, your Company has not earned any foreign exchange from any transactions; the details of the amount spent in foreign exchange is provided in note number 2.30 of the notes to the standalone financial statements which forms part of the audited annual accounts.

On consolidated basis, the Indian subsidiaries of your Company have earned an aggregate of ₹61.18 Crore in foreign exchange during FY 2013-14. The foreign exchange outgo by the Indian subsidiaries aggregates ₹4.56 Crore during the FY 2013-14.

CORPORATE SOCIAL RESPONSIBILITY

At JM Financial, an essential component of our Corporate Social Responsibility (CSR) is to care for our community. Your Company has always been a responsible corporate citizen and have partnered with various NGOs and supported organizations which work for several social causes. Your Company has also constituted the CSR Committee pursuant to the provisions of the Companies Act, 2013 to undertake and monitor the CSR activities. Detailed information on the initiatives by the Company towards CSR activities is provided in the Corporate Social Responsibility section of the Management Discussion and Analysis forming part of the Annual Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Our policy against sexual harassment is made under the overall ambit of the Code of Conduct of JM Financial Group and in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the calendar year 2013, no cases were reported or filed for sexual harassment at any workplace of JM Financial group.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956 and the rules framed thereunder, the names and other particulars of employees are set out in the Annexure II to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report is being sent to all the members of the Company excluding the aforesaid information. The said Annexure is available for inspection at the registered office of the Company. Any member interested in the said information may write to the Company Secretary at the registered office of the Company.

Your Company had 13 employees as on March 31, 2014. Out of

the total number of employees, 3 employees employed throughout the year were in receipt of remuneration of more than ₹60.00 Lakh per annum and 1 employee employed for part of the year was in receipt of remuneration of more than ₹5.00 Lakh per month.

JM Financial Limited, its subsidiaries and associates had an aggregate 967 employees as on March 31, 2014. Out of the total number of employees, 58 employees employed throughout the year were in receipt of remuneration of more than ₹60.00 Lakh per annum and 12 employees employed for part of the year were in receipt of remuneration of more than ₹5.00 Lakh per month.

ACKNOWLEDGEMENTS

Your Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, Forward Markets Commission, Multi Commodity Exchange of India Limited, National Commodity and Derivatives Exchange Limited, National Securities Depository Limited, Central Depository Services (India) Limited, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for their ongoing support. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. Your Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in satisfactory performance during the year.

On behalf of the Board of Directors

Place: Mumbai
Date: May 6, 2014

Nimesh Kampani
Chairman & Managing Director

Directors' Report (contd.)

ANNEXURE I

Details of Employee Stock Option Scheme as stipulated under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

1.	Options granted during the year (FY 2013-14)	:	36,45,774
2.	Pricing formula	:	Discount to Market Price
3.	Options vested during FY 2013-14	:	95,05,501
4.	Options exercised during FY 2013-14	:	38,44,453
5.	Total number of shares arising as a result of exercise of Options during FY 2013-14	:	37,28,835
6.	Options lapsed during FY 2013-14	:	17,91,833
7.	Variation of terms of Options	:	None
8.	Money realised from the Employees by exercise of Options during FY 2013-14	:	₹38,44,453
9.	Total Options in force as on March 31, 2014	:	2,51,78,013
10.	Employee wise details of Options granted to:		
	(i) senior managerial personnel	:	27,24,999 Stock Options have been granted to 19 senior managerial personnel (eligible employees / directors of the Company and/or its subsidiaries).
	(ii) any other employee who received a grant in any one year of Option amounting to 5% or more Options granted during that year	:	None
	(iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	None
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'.	:	Standalone - ₹0.92 Consolidated - ₹2.72

12. Difference between the employee compensation cost using intrinsic value method and fair value method.

    The impact of this difference on profits and on EPS of the Company.

:

a. **On Standalone basis**
(₹1.07) Crore

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	71.05	72.12
Basic EPS (₹)	0.94	0.96
Diluted EPS (₹)	0.92	0.94

b. **On Consolidated basis**
(₹0.56) Crore

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	209.53	210.09
Basic EPS (₹)	2.78	2.78
Diluted EPS (₹)	2.72	2.73

13. Weighted-average exercise prices and weighted average fair values of Options for Options whose exercise price is either equal or exceeds or is less than the market price of the stock Options.

: Weighted average exercise price – ₹1.00
Weighted average value of option – ₹15.49

14. A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:

: Black-Scholes-Merton model

i. Risk-free interest rate : 7.56%

ii. Expected life : 4.5 years

iii. Expected volatility : 55.93%

iv. Expected dividend yield : 2.16%

v. The price of the underlying share in market at the time of Option grant : ₹17.85

Management Discussion and Analysis

GLOBAL ECONOMIC CONDITIONS – RESURGENCE WITH CONTINUING DOWNSIDE RISKS

Global growth was subdued in the first half of FY 2013-14. The sluggishness was driven to a large extent by counterbalancing of improvement in some advanced economies, especially the US and Japan with appreciably weaker domestic demand and slower growth in several key emerging market economies, including China and India as well as by a more protracted recession in the euro area. New risks to global recovery had also arisen from fiscal discord in the US and uncertainties arising from expectations related to withdrawal from unconventional monetary easing by advanced economies.

The global activity broadly strengthened during the second half of FY 2013-14 largely on account of recovery in the advanced economies. Economic expansion in the US was gaining firmer footing and would further aid recovery in global activity and trade. However, activity in many emerging market economies disappointed in a less favorable external financial environment, although they continued to contribute more than two-thirds of global growth. Their output growth is expected to be lifted by stronger exports to advanced economies and currency depreciation. However, tightening monetary policy and financial conditions in the event of faster than anticipated withdrawal of monetary accommodation by advanced economies could pose a risk for emerging markets. There are risks to activity from lower-than-expected inflation in advanced economies and geo-political risks. Overall, the balance of risks, while improved, remains on the downside.

The global inflation remains benign with stagnant labour markets and stable commodity prices. However, upside risks to global crude oil prices remain from rising geo-political uncertainties in oil producing regions. Inflation has continued to be low in advanced economies as well as large emerging markets aided by high unemployment and large spare capacities. In the emerging markets the inflation remained high, though tightening of monetary policy and weakening output are expected to help generate disinflationary momentum. The divergent trends in inflation between advanced economies and emerging markets pose an added risk to global growth.

The International Monetary Fund (IMF) in its World Economic Outlook has projected the global growth to strengthen from 3.00% in 2013 to 3.10% in 2014 and 3.90% in 2015. In advanced economies, growth is expected to increase to about 2.25% in 2014–15, an improvement of about 1.00% compared with 2013. Key drivers are a reduction in fiscal tightening, except in Japan, and still highly accommodative monetary conditions. Growth is expected to be strongest in the United States at about 2.75%. Growth is projected to be positive but varied in the euro area: stronger in the core, but weaker in countries with high debt (both private and public) and financial fragmentation, which will both weigh on

Source: Various reports and websites of RBI, IMF and Bloomberg

domestic demand. In emerging market and developing economies, growth is projected to pick up gradually from 4.70% in 2013 to about 5.00% in 2014 and 5.25% in 2015. Growth will be helped by stronger external demand from advanced economies, but tighter financial conditions will dampen domestic demand growth. The global recovery is still fragile despite improved prospects and significant downside risks remain.

Stock markets of advanced nations continued to perform remarkably well in FY 2013-14. The Dow Jones Industrial Average closed the year at 16,546 after touching a high of 16,577 and a low of 14,537 during FY 2013-14, up 13% YoY. Japan's Nikkei 225 rose 20% YoY to close at 14,827 after touching a high of 16,291 and a low of 12,003 during FY 2013-14. UK's FTSE 100 touched a high of 6,866 and a low of 6,029 during FY 2013-14 Index and closed at 6,597 a rise of 3% YoY. Back in India, the BSE Sensex was up 19% YoY after touching an all time high of 22,386 and a low of 17,906 during FY 2013-14. The Nifty also touched an all time high of 6,704 and dropped to low of 5,285 during FY 2013-14, closing at 6,704 up 18% YoY. The comparative movements of the above indices is given on previous page.

INDIAN ECONOMY

India's economic growth rate in the FY 2013-14 is estimated at 4.9%, a faster pace than in the previous year (4.5% in FY 2012-13), mainly on improved performance in the agriculture and allied sectors. The latest estimate of 4.9% for FY 2013-14 implies that the pace of economic expansion improved in the second half, given that GDP grew 4.6% in the April-September 2013 period. However, this growth is significantly lower in comparison to the decade average of 7.6% during FY 2004-05 to FY 2013-14.

As per the Advance Estimates for FY 2013-14, the Central Statistical Office (CSO) has projected a growth rate of 4.6% in agriculture and allied sectors, up from 1.4% a year earlier. Manufacturing, however, is expected to register a contraction of 0.2% in FY 2013-14 compared with growth of 1.1% in the previous year. According to the advance estimates, the services sector, including finance, insurance, real estate and business services sectors, is likely to grow 11.2% this year compared with 10.9% in FY 2012-13. Mining and quarrying is likely to contract 1.9%, compared with a 2.2% decline in production a year ago. Growth in construction is likely to improve to 1.7% from 1.1% in FY 2012-13. According to the CSO's advance estimates, growth in electricity, gas and water production is likely to improve to 6% in FY 2013-14 from 2.3% in FY 2012-13. The trade, hotel, transport and communication sectors are projected to grow by 3.5% as against 5.1% in FY 2012-13. Community social and personal services growth would be better at 7.4% compared with 5.3% in FY 2012-13.

Fiscal balances further improved with Government's fiscal deficit likely to fall to 4.6% of GDP in FY 2013-14 from 5.2% of GDP in FY 2012-13, this was marginally lower than the budgeted 4.8%. Fiscal deficit is projected to be at 4.1% of the GDP for the FY 2014-15. However, it is important to note that fiscal consolidation as envisaged is subject to risks; especially with respect to lower tax revenues if the economy does not grow on expected lines.

In response to the adjustment of rupee exchange rate, disincentivising on gold imports and improvement in global trade India's Current Account Deficit (CAD) at US$ 128 billion during April – February FY 2013-14 was 29% lower than that of US$ 180 billion during the same period in FY 2012-13. The CAD – GDP ratio in Q3 of FY 2013-14 narrowed 0.9% from 6.5% in Q3 of FY 2012-13. CAD in FY 2013-14 is expected to be around 2% of GDP. The narrowing of CAD in FY 2013-14 is due to higher exports as well as moderation in imports. The exchange rate was relatively volatile during FY 2013-14 averaging Rs. 60.50 per US$ after touching an all-time low of Rs 68.36 per US$ on August 28, 2013. Foreign exchange reserves were US$ 303.67 billion at the end of March 2014.

While the global environment remains challenging, policy action in India has rebuilt buffers to cushion it against possible spillovers from global economy. A moderate paced recovery is likely to shape in FY 2014-15 with support from rural demand, a pick-up in exports and some turnaround in investment demand. Growth will also depend on the outcome of the general elections and the willingness of the next government at the centre to follow the reforms agenda which is essential both for a revival of the investment cycle and financing of our high deficits.

Source: Advance Estimates by CSO and other print & electronic media.

INFLATION

The inflation indices showed a divergent trend during the FY 2013-14. The Wholesale Price Index (WPI) moderated over the course of the year while the Consumer Price Inflation (CPI) continued to remain stubbornly high during the first half of FY 2013-14, mainly due to high food inflation and upward revisions in fuel prices. Risks also arose from high wage growth and rising costs of transport,

Management Discussion and Analysis (contd.)

education and health services. Inflation declined significantly from December 2013 onwards, both in terms of CPI and WPI, driven by falling food prices which had firmed up during April-November 2013. Despite moderation, CPI continued to remain high near 10% with inflation excluding food and fuel components also remaining persistent at 8%. Non–food manufactured products WPI remained subdued due to output gap, though it increased in the latter half of FY 2013-14 due to cost push pressures. The annual rate of inflation, based on monthly WPI, stood at 5.70% (provisional) for the month of March 2014 over March 2013. The provisional annual inflation rate based on CPI for March 2014 was 8.31% as compared to 10.39% in March 2013.

MONETARY CONDITIONS

The deployment of credit to industries moderated in FY 2013-14, even as credit to agriculture and allied activities, services and personal loans picked up. There was marked easing in liquidity conditions in Q1 of FY 2013-14, which broadly remained in line with policy objectives. Broad money (M3) growth remained in line with the indicative trajectory. The easing course of monetary policy was disrupted by 'tapering' fears in May 2013 that caused capital outflows and exchange rate pressures amid unsustainable CAD, as also renewed inflationary pressures on the back of the rupee depreciation and a vegetable price shock. The policy was recalibrated and availability and cost of rupee liquidity was tightened in July 2013, with a view to restoring stability to the foreign exchange market. The Reserve Bank resorted to exceptional policy measures to maintain liquidity conditions such that volatility in the forex market is contained. The short-term interest rates were raised by increasing the Marginal Standing Facility (MSF) rate by 200 bps and curtailing liquidity available under the Liquidity Adjustment Facility (LAF) since July 2013. However, to facilitate adequate credit to productive sectors, significant primary liquidity injection was provided via LAF, MSF, OMOs and standing facilities. As orderly conditions were restored in the currency market by September 2013, the Reserve Bank quickly moved to normalise the exceptional liquidity and monetary measures by lowering the MSF rate by 150 bps in three steps. However, with a view to containing inflation that was once again rising, the policy repo rate was hiked by 75 bps in three steps. The Reserve Bank has maintained a tight monetary policy stance but has desisted from stiff tightening keeping in mind the weak state of economy. It has been evolving its policy action with rapidly changing financial and macroeconomic conditions.

As on March 31, 2014, CRR was at 4%, SLR at 23%, repo rate at 8%, reverse repo at 7% and MSF/bank rate at 9%.

Source: Various reports of RBI and other print & electronic media.

CAPITAL MARKETS

SECONDARY EQUITY MARKET

Indian equity markets, in line with global trends, were affected by the expectation of market participants in May 2013 regarding the 'tapering' of the monthly bond purchase programme of US. However, with the US Federal Reserve deciding to wait for more evidence on the progress to be sustainable before adjusting its bond buying programme and a slew of investor-friendly measures taken by RBI and the government, the investors' sentiment have got a fillip. As a result, Indian markets have emerged as one of the better performing markets in the world. The BSE Sensex was up 19% YoY after touching an all time high of 22,386 and a low of 17,906 during FY 2013-14. The Nifty also touched an all time high of 6,704 and dropped to low of 5,285 during FY 2013-14, closing at 6,704 up 18% YoY. The surge in the markets can be attributed to improved liquidity in the last quarter and the confidence and the strength in the market on the hope that a stable government will be formed at the Centre.

During FY 2013-14, Foreign Institutional Investors invested ₹79,709 Crore (₹1,40,033 Crore in FY 2012-13) in the Indian markets while selling debt instruments worth ₹28,060 Crore (invested ₹28,334 Crore in FY 2012-13), down by 70% from ₹1,68,367 Crore (₹1,40,033 Crore in equity and ₹ 28,334 Crore in debt) in FY 2012-13. Most of the FII investments came in the last quarter of FY 2013-14.

The total market capitalisation of the companies listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as on March 31, 2014, stood at ₹74,15,296 Crore and ₹72,77,720 Crore respectively as compared to ₹63,87,887 Crore and ₹62,39,035 Crore as on March 31, 2013. The average daily turnover during FY 2013-14 on the cash segment of BSE marginally dropped to ₹2,078 Crore as compared to ₹2,195 Crore during previous year and that of NSE rose to ₹11,189 Crore compared to ₹10,833 Crore during FY 2012-13. The volumes on the derivatives segment increased in FY 2013-14 compared to the previous year. On NSE the average daily turnover increased to ₹1,52,237 Crore during FY 2013-14 as compared to ₹1,26,639 Crore during FY 2012-13; the volumes of derivatives segment on BSE increased from ₹28,769 Crore in FY 2012-13 to ₹36,731 Crore in FY 2013-14.

(₹ in Crore)

Average Daily Turnover	2013-14	2012-13
Cash		
BSE	2,078	2,195
NSE	11,189	10,833
Derivatives		
BSE	36,731	28,769
NSE	1,52,237	1,26,639

PRIMARY MARKETS

The capital raising activity remained subdued during the year as in the previous year. The Initial/Follow-on Public Offer (IPO/FPO) market witnessed 38 IPOs and 2 FPOs of equity for raising an aggregate amount of ₹8,693 Crore and 35 debt issuances raising an aggregate ₹42,735 Crore in FY 2013-14 as against 33 IPOs of equity aggregating ₹6,528 Crore and 20 debt issuances aggregating ₹16,982 Crore in FY 2012-13. During the year, the corporates preferred to raise funds through qualified institutional placement raising an aggregate of ₹13,663 Crore from 17 issuances as against ₹15,996 Crore from 45 issuances in FY 2012-13. The corporates also raised ₹4,576 Crore through 15 Rights Issues in FY 2013-14 as against ₹8,945 Crore through 16 Rights Issues in FY 2012-13.

The breakup of the funds raised during the FY 2013-14 as compared to the FY 2012-13 is as follows:

Primary market	2013-14		2012-13	
	No.	₹ in Crore	No.	₹ in Crore
IPO	38	1,236	33	6,529
FPO	2	7,457	–	–
Rights Issue	15	4,576	16	8,945
QIP	17	13,663	45	15,996
Total Equity Raised	**72**	**26,932**	**94**	**31,470**
Total debt raised through Public Issue	35	42,735	20	16,982
Total Amount Raised	**107**	**69,667**	**104**	**48,452**

During FY 2013-14, the Capital Markets witnessed 79 transactions (35 transaction in FY 2012-13) of Offer For Sale for aggregate amount of ₹6,859 Crore as against ₹28,024 Crore during FY 2012-13.

Source: Various reports of RBI and other print & electronic media.

MUTUAL FUNDS

Though the Indian Mutual Fund Industry grew at a healthy pace of 18% (in terms of growth in average asset under management) during the financial year 2013-14, it lost around 32.80 lakh investors, measured in terms of individual folios. The equity schemes were the biggest losers with a decline of 29.18 Lakh folios mainly due to profit booking.

The net amount mobilised by the mutual funds was ₹53,783 Crore (₹48,838 Crore in private sector and ₹4,944 Crore in public sector) as against ₹76,539 Crore (₹63,790 Crore in private sector and ₹12,749 Crore in public sector) in FY 2012-13. The mobilisation was mainly on account of inflow of ₹65,037 Crore in the income/debt oriented schemes, exchange traded funds and funds investing overseas, whereas, given the market sentiments, equity funds, balanced funds remained out of favour resulting in net outflow of ₹11,254 Crore. The cumulative market value of assets under management of mutual funds was ₹8,25,240 Crore as on March 31, 2014 as against ₹7,01,443 Crore on March 31, 2013, an increase of 18% YoY. The assets managed by mutual funds crossed ₹9 trillion mark in the January-March quarter of FY 2013-14 on account of inflows into fixed maturity plans, money market and equity funds.

The following tables illustrate the mobilisation of resources in the Indian Mutual Fund Industry and mobilisation according to scheme objectives:

(₹ in Crore)

Period	Gross Mobilisation			Redemption			Net Inflow / (Outflow)		
	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total
2013-14	80,49,398	17,18,703	97,68,101	80,00,559	17,13,759	97,14,318	48,838	4,944	53,783
2012-13	58,92,356	13,75,529	72,67,885	58,28,566	13,62,780	71,91,346	63,790	12,749	76,539

Management Discussion and Analysis (contd.)

(₹ in Crore)

Nature of Scheme	Gross Mobilisation		Redemption		Net Inflow / (Outflow)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Income / Debt Oriented Schemes	97,09,762	72,13,578	96,46,422	71,23,396	63,340	90,182
Growth / Equity Oriented Schemes	46,093	43,364	55,362	57,951	(9,269)	(14,587)
Balanced Schemes	3,435	5,205	5,420	4,989	(1,985)	216
Exchange Traded Funds	6,870	5,052	6,274	3,850	596	1,202
Fund of funds (investing overseas)	1,941	686	840	1,160	1,101	(474)

The Securities and Exchange Board of India (SEBI) framed a long-term policy for mutual funds in India, which inter alia includes enhancing the reach of mutual fund products, promoting financial inclusion, tax treatment, obligation of various stakeholders, increasing transparency, etc. This move is expected to benefit the Mutual Fund Industry in the years to come.

Source: Various reports and website of SEBI and other print & electronic media.

PRIVATE EQUITY

In FY 2013-14, as per our estimate, the Private Equity (PE) investments increased by 58% to ₹52,143 Crore (359 deals) as compared to ₹32,914 Crore (311 deals) during FY 2012-13.

Year	Private Equity Investment (₹ in Crore)	Number of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2013-14	52,143	359	194	IT/ITES, Telecom and Healthcare
2012-13	32,914	311	140	IT/ITES, Financial Services and Healthcare

(Source: JM Financial estimates)

IT/ITES, Telecom and Healthcare sectors witnessed the highest activity in terms of deal value accounting for 30%, 13% and 12% respectively of the total PE investments.

Total PE exits decreased to ₹16,429 Crore (79 deals) in FY 2013-14 as compared to ₹20,096 Crore (66 deals) in FY 2012-13. Secondary market and Sponsor to Sponsor including control transactions were the preferred exit routes for PE Investors.

ASSET RECONSTRUCTION

Asset quality continues to be a major concern for Scheduled Commercial Banks (SCBs). The Gross NPA ratio of SCBs increased to 4.20% of the total advances as at end September 2013 from 3.40% of March 2013. The restructured standard advances also increased to 6.00% of total advances as at end September 2013 from 5.80% of March 2013. Overall the stressed advances rose significantly to 10.20% of total advances as at end September 2013 from 9.20% of March 2013. To control the deteriorating asset quality in the banking system, the Reserve Bank of India implemented several developmental measures during FY 2013-14 including improvement in the system's ability to deal with corporate distress and financial institution distress by strengthening financial restructuring as well as debt recovery process.

Source: RBI

DISCUSSION ON BUSINESSES AND OPERATIONAL PERFORMANCE

JM Financial Limited ("the Company") is a Core Investment Company having investments in its subsidiaries and associates which are engaged in the business of investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, fixed income products structuring, investments,

portfolio management, asset management, commodity broking, non banking financial activities (NBFC), private equity, real estate fund management and asset reconstruction.

JM Financial Group offers a wide range of financial products to a significant clientele that includes public and private sector corporations, multinational corporations, financial institutions, institutional investors, high net-worth individuals and retail investors as well as market intermediaries. The values of integrity, teamwork, innovation, client focus, performance, execution and partnership form the foundation of our corporate vision and drive our purpose.

The businesses of the subsidiaries are categorised into the following four broad segments:

INVESTMENT BANKING AND SECURITIES BUSINESS

Our **Investment Banking** business provides a wide range of services and is among the most experienced and well regarded in the industry. We provide advisory services for capital market transactions including fund raising in public markets and from private equity investors, mergers, acquisitions, restructuring, financial advisory to a diversified client base across geographies globally.

While the fund raising activity was subdued in the country, during the year we increased our focus on private sector offerings. We acted as one of the book running lead managers to some of the marquee equity transactions including the following:

- Rights Issue of equity shares by Tata Power Company Limited – ₹1,993 Crore
- Qualified Institutional Placement by ING Vysya Bank Limited – ₹881 Crore
- Institutional Placement Programme of Timken India Limited – ₹51 Crore

We also acted as one of the lead managers to the two Public issues of NCDs by Shriram Transport Finance Company Limited aggregating ₹1,236 Crore.

We acted as the exclusive financial advisor to CavinKare for raising ₹250 Crore from ChrysCapital.

We acted as one of the brokers to SUUTI's stake sale in Axis Bank - ₹5,449 Crore.

On the Merger & Acquisitions side, we acted as the advisor in the following announced transactions:

- Financial advisor to Aditya Birla Group for listing and tender offer pursuant to a scheme of arrangement involving Pantaloon Fashions & Retail Limited;
- Manager to the tender offer made by Diageo and United Spirits to public shareholders of Pioneer Distilleries Limited.

Our **Institutional Equities** business offers broking services in both cash and derivatives segments to Indian and global institutional clientele. We strive to provide high quality research with a focus on new stock ideas, intensive client servicing and efficient trade execution complemented by hassle free post-trade settlement. Over the years, our research has been making a mark in the investor community for identifying ideas for investments.

We currently cater to 116 institutional clients that include FIIs, domestic mutual funds and insurance companies. Our research covers over 176 companies across sectors which together account for nearly 77% of the total market capitalisation.

Our focus in this business has been on developing an integrated practice around credible corporates and investors who, while being focused on profits are committed to do the business with long term best practice view. The sales and research teams have received very good client reviews and we rank among the top ten brokers with many domestic mutual funds and insurance companies.

During the year, we hosted a number of investor meets, road shows and conferences including:

- Conference in Singapore in August 2013, attended by 81 investors and 21 corporates.
- The flagship India conference, hosted in Mumbai in November 2013 with participation of 71 corporates and 286 investors.
- Conference in New York in March 2014, attended by 50 investors and 15 corporates.

Our **Investment Advisory and Distribution** business focuses on research based investment advisory, broking and distribution catering to corporates, ultra high net-worth and high net-worth investors, banks and institutions. We offer a wide range of products and services to our clients ranging from broking services for equity, derivatives, fixed income products, portfolio management services and distribution of financial products including public issues, mutual funds, alternative assets, corporate bonds and fixed deposits products. We operate in open architecture model for

Management Discussion and Analysis (contd.)

distribution and are among the largest distributors of third party products.

Our investment advisory business has three main divisions: **Wealth Management, Equity Brokerage and Independent Financial Distribution.**

The Wealth Management Group caters to ultra high net-worth and high net-worth investors, corporates, banks and institutions. We follow the asset allocation model and provide a complete range of financial and custody solutions to clients including family office, advisory and execution services.

The Equity Brokerage Group offers research based equity advisory and trading services to high net-worth individuals and corporate investors. Retail clients are serviced through a network of branches/franchisees. The Investment Advisory business has its presence in 116 top cities in India through its branches and franchisee network. The combination of branches and franchisee has helped us in achieving a de-risked business model and a widespread presence.

Independent Financial Distribution (IFD) division has a network of over 8,500 active Distributors who distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds etc. In the public issues of equity and fixed income securities, we have mobilised around ₹3,700 Crore during the year with a market share of 6.38% in the non-institutional category (i.e. Retail and HNI) and are among the top 3 players in terms of mobilisation in equity public issues. We also mobilised approx ₹3,400 Crore in various company fixed deposits and fixed income products during the year and have established a clear leadership position in this segment.

In the Commodity Broking business our focus is to provide research based advice to clients on bullion, base metals, crude and other commodities. The commodity business was performing well at the start of the year but during the second quarter of FY 2013-14, we conciously reduced our commodity business due to debacle of National Spot Exchange Limited (NSEL). NSEL suspended its trading and settlement operations from July 31, 2013. We had an outstanding amount to be recovered from NSEL of ₹15.43 Crore on account of arbitrage book as on March 31, 2014. Our clients had also invested in NSEL and had an outstanding recoverable amount of ₹63.88 Crore from NSEL as on the said date. We have filed a criminal complaint against NSEL and other entities with the Economic Offences Wing (EOW). The NSEL incident and precautionary actions initiated by us expectedly resulted in decline of the trading volumes on both MCX and NCDEX during the year, which has also adversely impacted our revenues and profitability. We have written off an amount of ₹15.43 Crore receivable from NSEL on account of our own arbitrage book.

INTERNATIONAL BUSINESS

We have established subsidiaries/step down subsidiaries in Mauritius, Singapore, Indonesia and USA to cater and service overseas clients/investors and carry out permitted business activities in these jurisdictions.

JM Financial Singapore Pte Ltd. (JM Financial Singapore) received the Capital Markets Services (CMS) Licence from the Monetary Authority of Singapore (MAS) in January 2014. During the year, JM Financial Singapore successfully completed the transaction of advising US based Foliage Inc. on its sale to French company Altran SA. JM Financial Singapore has achieved break even in the very second year of its operations.

FUND BASED ACTIVITIES

The **Fixed Income** business continued its thrust on lending against mortgages and wholesale securities backed loans to select corporates. The loan book of fixed income business increased from ₹1,624 Crore at the end of FY 2012-13 to ₹1,943 Crore at the end of FY 2013-14. The treasury book stood at ₹534 Crore at the end of the financial year. During the year, we transacted in Government securities and Non SLR securities.

The **Securities Backed Financing** activities cover IPO Funding, Loan against Shares/Margin Funding, ESOP Financing, Loan against Commodities and Sponsor Financing. During the year, we also started offering Loan against Property. The level of activities in the IPO Funding was subdued during the year, except in respect of few IPOs. Fresh financing of ₹1,230 Crore was done during the year in equity/debt issuances as compared to ₹1,432 Crore in the previous year.

Our NBFC has been very selective and has remained focused on the asset quality and net interest margins (NIM). Our NIM on lending book has increased during the year.

We have maintained focus on credit quality and interest margins from our lending portfolio. CRISIL re-affirmed the "CRISIL A1+" (highest grading) rating for the short-term debt program which indicates a very strong degree of safety with regard to timely payment of financial obligations. CRISIL also re-affirmed "CRISIL

AA- / Stable" rating for long term NCD issuance and bank loan rating, which indicates high degree of safety with regard to timely payment of interest and principal on the instrument. Both instruments are considered to carry very low credit risk.

We will expand our focus on lending business with the imminent investment of upto USD 100 mn out of the funds to be raised and managed by Mr. Vikram Pandit and Mr. Hari Aiyar.

The **Asset Reconstruction** business, engaged in acquisition of non-performing and distressed assets (NPAs) from Banks and Financial Institutions (FIs) completed its five full years of operations. The strategy of acquisition of corporate and retail portfolios and focussed resolution/ recovery was continued during the FY 2013-14.

The asset reconstruction industry during the year saw a boost in the acquisition activity owing to the regulatory push and the incentives granted by the Reserve Bank of India. During the FY 2013-14, the asset reconstruction companies in India have made non-performing asset acquisitions involving acquisition cost of more than ₹20,000 Crore.

During the year, we concluded 18 transactions with outstanding dues of around ₹6,048 Crore acquired by issuing Security Receipts worth ₹2,638 Crore, thereby taking the total outstanding dues acquired to ₹12,026 Crore at a gross consideration of ₹3,967 Crore. Resolution strategies were initiated for majority of the assets acquired. As of March 31, 2014, accounts worth ₹499 Crore were restructured and Security Receipts worth ₹74 Crore held by us and other investors were redeemed during the year after which the outstanding Security Receipts stood at ₹3,647 Crore as on March 31, 2014.

ALTERNATIVE ASSET MANAGEMENT

JM Financial India Fund (the Fund) is a private equity fund, focused on providing growth capital to dynamic, fast growing companies in India. The Fund has fully drawn down and deployed its corpus and has made investments in companies in various business segments and at different stages of life-cycle. During the year, the Fund distributed monies from sale of one of its investments and also completed merger of one of its portfolio companies. The Fund has Assets under Management (AUM) of ₹855 Crore as at March 31, 2014. The Fund is presently working closely with its portfolio companies in helping them grow their businesses as well as to seek exit opportunities.

JM Financial Property Fund (the Fund) is a real estate fund focussed on investing in residential, commercial, retail and hospitality development assets in India at project level as well as in real estate development companies. The Fund has two schemes; one dedicated for the domestic Indian investors and the second dedicated for the offshore investors. Both schemes are fully invested. The Fund has Assets under Management (AUM) of ₹333 Crore as at March 31, 2014.

During the year, significant progress was made in realising some of the investments of the Fund. The amount of distribution made by JM Financial Property Fund-I, the domestic scheme, as of March 31, 2014 now aggregate 37.6% of the capital contribution received by it. JM Financial Property Fund-II also made its first realisation during the year for distribution aggregating 13.7% of its capital contribution. Total amount distributed/available for distribution by the Fund stood at 26.6% as on March 31, 2014.

The Fund continues with its focus towards working on realisation from the portfolio companies. Realisation from two of the portfolio companies in which exit agreements have been executed are further scheduled in 2014-15 while negotiations are ongoing in a few other cases.

ASSET MANAGEMENT

At JM Financial Mutual Fund, we offer a wide range of investment options that cover the entire risk spectrum, catering to the diverse needs of the Institutional and the Non-institutional Investors.

As reported earlier, SEBI has framed a long-term policy for Mutual Funds in India, which inter alia includes enhancing the reach of mutual fund products, promoting financial inclusion, tax treatment, obligation of various stakeholders, increasing transparency, etc. This move is expected to benefit the Mutual Fund Industry in the years to come. At JM Financial Mutual Fund, we are keen to take advantage of the potential growth in the mutual fund industry.

The average assets under management of JM Financial Mutual Fund decreased marginally to ₹6,559 Crore (₹459 Crore in Equity/Balanced schemes and ₹6,100 Crore in Debt/Liquid schemes) in the FY 2013-14 from ₹6,579 Crore (₹554 Crore in Equity/Balanced schemes and ₹6,025 Crore in Debt/Liquid schemes) in FY 2012-13.

ANALYSIS OF FINANCIAL PERFORMANCE

The global economic scenario in the FY 2013-14 continued to be fraught with challenges. Major emerging economies witnessed slower growth on account of weak domestic demand.

Management Discussion and Analysis (contd.)

The Indian economy also continued to face several challenges almost throughout the year and the year shall be reckoned as a period of slowest growth in recent times. Unrelenting uncertainty in the environment emerging from near absence of action on policy front, persistent inflationary pressures, resultant high interest rates and absence of resolution on key issues in several core sectors virtually halted investments.

During the year, the Indian Rupee depreciated considerably. Besides adverse economic climate, factors such as excessive import of gold and other external imbalances contributed to this unexpected development making the cost of imported goods dearer.

However, over recent months, India has taken substantive measures to narrow external and fiscal imbalances, tightening monetary policy, move forward on structural reforms, and address market volatility. Moreover, the year turned out to be constructive enough for the Indian equity market. The Indian equity market witnessed fresh life time highs in light of expected governance improvement after the general elections.

The consolidated gross income of the Company stood at ₹1,006.67 Crore as against ₹1,042.23 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹603.30 Crore as against ₹643.01 Crore, in the previous year. The Profit before and after tax stood at ₹280.16 Crore and ₹209.53 Crore respectively as against the Profit before tax of ₹253.93 Crore and Profit after tax of ₹182.92 Crore in the previous year.

Fees and commission earned during the year were ₹246.32 Crore as against ₹219.15 Crore during the previous year, constituting 24.47% of the total revenue. In reflection of the depressed secondary market activities and progressively reducing cash market turnover percentage, brokerage income earned during the year was ₹94.16 Crore as against ₹107.61 Crore during the previous year, constituting around 9% of the total revenue. Interest and other income on fund based activities continued to be a major contributor of the gross revenue at ₹488.47 Crore as against ₹470.50 Crore during the previous year, constituting around 49% of the total revenue. We continued enhanced focus on this segment while keeping a close watch on risk management. Revenue from treasury operations and investment income was ₹177.72 Crore as against ₹244.97 Crore during the previous year, representing around 18% of the total revenue.

The following table describes consolidated expenditure that the group has incurred:

(₹ in Crore)

Particulars	For the Year ended	
	March 31, 2014	March 31, 2013
Employee benefits expense	203.16	197.99
Finance costs	307.83	376.92
Depreciation and amortisation expenses	15.24	12.16
Other expenses	200.28	201.23
Total	**726.51**	**788.30**

EMPLOYEE BENEFITS EXPENSE

The increase in employee costs by about 2.60% is mainly on account of normal yearly increments and due to expansion of international operations.

FINANCE COST

The lower finance cost is on account of reduction in the borrowings during FY 2013-14. We conciously reduced borrowings and used our own funds for the purpose of lending. Further, due to scaling down of our arbitrage activities, we reduced our borrowings, leading to further reduction in finance costs.

DEPRECIATION AND AMORTISATION EXPENSE

The increase in depreciation and amortisation expenses was mainly on account of the assets of CR Retail Malls (India) Limited which was included in consolidation of accounts during the FY 2013-14 and also on account of ongoing capital expenditure.

OTHER EXPENSES

Other expenses comprise sub-brokerage, fees & commission and administrative costs. The sub-brokerage, fees & commission mainly relates to secondary market and distribution business. We strived to maintain these expenses at the same level as in the previous year. Administrative costs mainly comprise expenses incurred on rent, legal & professional fees, information technology, manpower, membership & subscription, rates & taxes, travelling, hotel & conveyance, electricity, communication, printing & stationery, provisions and write-off.

The segment wise break-up of revenues and results on a consolidated basis are as follows:

(₹ in Crore)

Particulars	For the year ended				
	March 31, 2014	March 31, 2013	Increase/ (Decrease) (%)	Contribution of Total Revenue/Results (%)	
Segment Revenue				March 31, 2014	March 31, 2013
Investment banking and securities business	407.89	429.05	(4.93%)	40.52%	41.17%
Fund based activities	529.19	551.75	(4.09%)	52.57%	52.94%
Alternative asset management	30.41	27.36	11.16%	3.02%	2.63%
Asset management	26.55	28.89	(8.08%)	2.64%	2.77%
Others	116.88	61.09	91.34%	11.61%	5.86%
Total Segment Revenue	**1,110.92**	**1,098.14**	**1.16%**	**110.36%**	**105.36%**
Less: Inter-segmental revenue	(104.25)	(55.91)	86.48%	(10.36%)	(5.36%)
Total Revenue	**1,006.67**	**1,042.23**	**(3.41%)**	**100.00%**	**100.00%**
Segment Results					
Investment banking and securities business	45.16	47.36	(4.63%)	16.12%	18.65%
Fund based activities	199.51	182.53	9.30%	71.21%	71.88%
Alternative asset management	18.76	16.30	15.10%	6.70%	6.42%
Asset management	3.83	2.23	71.78%	1.37%	0.88%
Others	12.90	5.51	133.94%	4.60%	2.17%
Total Results	**280.16**	**253.93**	**–**	**–**	**–**

On a standalone basis, the Company earned a gross income of ₹87.16 Crore during the year as against ₹56.19 Crore in the previous year. The gross income includes ₹65.34 Crore on account of dividend received from subsidiaries as against ₹42.35 Crore in the previous year. The profit before tax stood at ₹74.77Crore as against ₹48.75 Crore in the previous year and the profit after tax stood at ₹71.05 Crore as against ₹44.81 Crore in the previous year.

Details of various taxes borne and paid and various taxes deducted/ collected and paid by the Company, its subsidiaries and associate companies, in prior years as well as FY 2013-14 are given on page no. 5 of this annual report. The group has made a provision of ₹79.98 Crore towards corporate income taxes during the year (previous year ₹74.93 Crore) representing 6.74 % increase as compared to previous year.

While India has tremendous potential to sustain a high-growth and inclusive economy, the appropriate policy action needed to achieve the same, has to be addressed on priority. We continue to remain committed in building a strong financial service franchise.

OUTLOOK AND STRATEGY

After the economic slowdown in the previous years, India's growth is now gaining momentum. The outlook for the Indian economy has improved over the past few months with cautiously positive business sentiments, improved consumer confidence, expectations of a modest recovery in growth and decline in inflation. The recovery is likely to be supported by investment activity picking up due to part resolution of stalled projects and improved business and consumer confidence. The risks in the external sector have lowered, allowing monetary policy to focus on its core concern of lowering inflation and supporting growth. The narrowing of the Current Account Deficit (CAD) in FY 2013-14 followed a lower trade deficit due to higher exports as well as moderation in imports. With this background and possibility of a stable and pro-reforms government at the centre, the Indian capital market is expected to perform well as is visible in current rally which has taken the markets to all time high levels.

With strengthening of the economy and the country's growth prospects looking positive, we continue to be optimistic about the Company's opportunities and potential profit avenues in the financial services sector. However, the growth curve may not move steadily upwards in the short to medium term, multiple challenges would tamper the speed of growth in various businesses. Given the inherent linkage of most of our business with the economy and capital markets, our financial performance is subject to fluctuations depending on the pace of economic growth and activity in the capital market.

Given the growth prospects, we seek to consolidate our position as one of the premier financial services group in India. Our strategy for achieving this goal is to keep deepening our portfolio of financial services and products, provide effective financial solutions, effective risk management and build a business model that is well diversified across financial market activities with unique strengths in each business. We will continue to focus on our clients and endeavor to deliver unique solutions to their satisfaction and ensure accountability, transparency, professionalism and risk containment.

Management Discussion and Analysis (contd.)

We will continue to expand our portfolio in NBFC business, Asset Reconstruction business and capitalize on the advisory and funds raising opportunities thrown up by the growing economic activity in India as well as on the international front. Similarly, we would also look at opportunities for our fund management businesses both in Mutual Fund and Alternative Asset Management. We are also in the process of promoting the Distressed Assets Fund with an initial target capitalisation of US$ 100mn.

As a part of our strategy to expand internationally, the Group had established its presence in Singapore, Indonesia and USA. Our corporate finance advisory arm set up in Singapore has received Capital Markets Services Licence for its corporate financial advisory activities. This will enable the Group to target a broader category of investors in overseas market. We are in the process of obtaining licenses required from local regulators to carry on financial services activities in other jurisdictions as well.

As a part of the evolution strategy of the Group, the Company had made an application to the Reserve Bank of India (RBI) for a banking licence. However, in March 2014 the RBI granted the in principle approval for setting up bank only to two entities which did not include us. RBI has advised publicly that the other applicants can make application for a banking licence in future based on the policy that will be announced by RBI.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

As reported earlier, with the improvement in the outlook of the Indian economy and global growth prospects over the past few months and possibility of a stable and pro-reforms government at the centre, the Indian capital market is expected to perform well as is visible in current rally which has taken the markets to all time high levels.

This along with the focus of the government on financial inclusion will present ongoing opportunities for financial intermediaries to spread and benefit from the investment culture across the country. The following factors present specific opportunities across our businesses:

i Focus on reforms will provide opportunities for sustainable growth of Indian economy leading to investment/capital requirement;

ii Globalization - corporates are looking at expanding in overseas/domestic markets through mergers & acquisitions;

iii Acquisitions/consolidations/restructuring by corporates provides greater opportunities for corporate advisory business;

iv Focus on financial inclusion will lead to wider participation from all levels of investors;

v Growing mid-size segment of corporate activity where the need for customized solutions is particularly high;

vi Favourable demographics like huge middle class, larger younger population with more disposable incomes and investible surplus and change in their attitude from wealth protection to wealth creation;

vii Low penetration of financial services and products in India; and

viii Regulatory reforms aiding greater participation by all classes of investors.

THREATS

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. With the Indian growth declining in the past year or two, the level of confidence of corporates has gone down which in turn has an impact on their expansion plans with the result that investment activity is at one of its lowest. Lack of determined action from Government to jump-start investment cycle and carry on the reforms may continue to affect the financial services sector. Despite great opportunities, there are significant factors presenting threats to our businesses viz.

i Uncertainty of political situation in the country leading to concerns of diffused focus on growth and reforms;

ii Slowing economy, tight monetary policy and continued high inflation leading to decelerating investment demand;

iii Regulatory changes across the world impacting the landscape of business;

iv Increased competition from local and global players operating in India;

v Attrition of employees caused by strong demand from ever increasing number of market participants;

vi Continuous downward pressure on the fees, commissions and brokerages caused by heightened competition and willingness of most players to deliver services at very low fees; and

vii Risks arising from reduced ability of corporates to generate sustained revenue to service loans given by our NBFC in a timely manner.

RISKS AND CONCERN

Risk is an integral part of the business and we aim at delivering superior shareholder value by achieving an appropriate balance between risks and returns. The financial services industry is subject to continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent regulatory framework. As a result, today's operating environment demands a rigorous and integrated approach to risk management. The ability to manage risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation. The inability to manage these risks can cause irreparable damage.

Though the Company, on a standalone basis derives its income mainly from dividends and other income categories and is not directly exposed to risks, the major risks for JM Financial arises primarily out of the risks associated with the businesses of various companies within the group.

Regulatory framework, focused on maintaining controls on domestic businesses but even inadvertently creating more favourable regulatory environment for global entities operating in India is a matter of concern. We actively participate in dialogue in industry bodies and with regulators to point these out and to recommend appropriate changes.

Timely and effective risk management is of prime importance to our continued success. We believe that risk assessment is the first step in a sound risk management procedure. We, at JM Financial, have developed comprehensive risk management policies and processes to deal with the risks that are encountered in conducting business activities in an effective manner.

A team of experienced and competent professionals at business level as well as group level identify and monitor the risks on an ongoing basis and evolve processes/systems to monitor and control the same to contain the risks to minimum levels. Ongoing monitoring by our officials help in identifying risks early. A risk event update report is periodically placed before the Board of Directors of the Company. The Directors review the risk update reports and the course of action taken or to be taken to manage and mitigate the risks. Additionally, independent Internal Audit firms, not from within the JM Financial Group, are appointed to review and report on the business processes and policies in all operating companies of the group. The report of internal auditors is reviewed and discussed by the Audit Committee of the respective operating companies including the Company to review compliance with the set processes and any risk events.

Being in the financial services sector, we are primarily exposed to various risks like credit risk, market risk, liquidity risk, operations risk, regulatory and compliance risks, reputation risk, competition risk, business continuity risk and general risks arising out of various macro-economic factors. The above risks are discussed in detail below:

Risk Type	Risk Description	Risk Mitigation
Credit Risk	Credit risk is the risk of failure of our borrowers to meet their financial obligations to us in accordance with agreed terms.	A comprehensive credit approval and review process by the senior most team, extensive credit appraisal, proper documentation, periodic reviews, etc., is conducted in order to mitigate the credit risk. The loan portfolio is monitored on an ongoing basis post disbursement of funds.
Market Risk	The risk that overall market or asset class will change in value when impacted by economic conditions or other factors that may modify characteristics specific to a particular stock, bond, commodity, currency or other collateral. The value of investments are vulnerable to factors such as changes in economic conditions, interest rates, exchange rates, credit spreads, investor sentiments, developments in global markets, availability and cost of capital, international and domestic political events and acts of war or terrorism.	Our portfolios and collaterals/securities are continuously monitored to minimize the impact of market risk.

Management Discussion and Analysis (contd.)

Risk Type	Risk Description	Risk Mitigation
Liquidity Risk	Liquidity and solvency are very critical to our business. Liquidity risk is the current and prospective risk to earnings or capital arising from an organisation's inability to meet its obligations when they fall due without incurring unacceptable losses.	We have a strong financial position and all our businesses are adequately capitalised, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain sufficient part of our capital in liquid assets to manage any sudden liquidity needs.
Operational Risk	The risk of loss that arises from shortcomings or failures in internal processes or systems and arises on account of inadequate systems, controls or human errors.	We manage the operational risks through well defined operational processes, policies and systems which are reviewed on a periodical basis. Regular audits by internal auditors ensure that the operating teams adhere to the defined processes and policies.
Regulatory and Compliance Risk	The risk arising out of a change in laws and regulations governing our business. It could also arise on account of inadequate addressal of regulatory requirements or differences in interpretation of regulations vis-à-vis the regulators.	We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which ensures compliance with applicable laws, rules, regulations and guidelines affecting our businesses. The team also monitors on a continuous basis the regulatory changes and evaluates the impact and prospects they present for our businesses.
Reputation Risk	Reputation Risk is related to the trustworthiness of the business. It is the current or prospective risk to business, earnings and capital arising from adverse perception of our Company and/or its practices on the part of various stakeholders.	We conduct our business with high levels of diligence, using best practices and in fair and transparent manner and endeavour to disseminate timely information to the clients, shareholders, investors and regulators.
Competition Risk	Strong growth prospects combined with liberalization of financial services sector have prompted the entry of newer foreign and domestic financial services companies thereby increasing the competition faced by us. This also increases the risk of attrition of key personnel to our competitors.	Our strong brand image, wide and ever expanding distribution network, diversified and innovative suite of products and services, fair and transparent business practices enable us to differentiate ourselves from our competitors.
Business Continuity Risk	The disruption in the conduct of business in the event of incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. In such cases, we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.	We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

There is a robust mechanism in place designed to provide a high degree of assurance regarding effectiveness and efficiency of internal control systems commensurate with the nature of business and to safeguard against all the types of risks involved. These controls ensure maintenance of proper accounting controls, monitoring of operations, protection and conservation of assets and compliances with applicable laws and regulations. We have documented procedures covering various financial and operating functions.

Our internal control systems are continuously monitored and reviewed by the senior management and are adequately supported by extensive internal audits conducted by independent internal auditors. All our operating subsidiaries are subject to internal audits to assess and improve the effectiveness of risk management, control and governance process. Significant deviations are brought to the notice of the Audit Committee of the Board of the respective companies and corrective measures are recommended for implementation.

The Audit Committee of the Board of Directors review the existing audit procedures and internal systems of control on an ongoing basis keeping in mind the organisation's requirements, growth prospects and ever evolving business environment. They also review the internal audit findings and recommendations and ensure that corrective measures are implemented. This system enables us to capture a precise reflection of the organisation's position at all times and also facilitates timely detection and plugging of anomalies by various business groups.

CORPORATE SOCIAL RESPONSIBILITY

We believe that business has a responsibility beyond its basic responsibility to its shareholders; a responsibility to a broader constituency that includes its key stakeholders: customers, employees, NGOs, government - the people of the communities in which it operates.

At JM Financial, it is our endeavour to work towards accomplishing these responsibilities and serious efforts are channelized in this direction. We have an organised structure in the form of two philanthropic arms–the JM Financial Foundation established in the year 2001 and the Kampani Charitable Trust established in the year1982, to support an array of socio-economic, educational and health initiatives.

The Foundation identifies and works alongside several NGOs on a number of out reach programs in various fields such as education, health and disaster relief.

Over the years, the objectives of the Foundation have also expanded. JM Financial Foundation believes in strengthening and uplifting the lesser privileged communities.

Education

We believe that education is the key to empowering the poor and helping them cross the poverty barrier. With this as our vision, we have tried contributing significantly by partnering with various NGOs to help provide access to quality education and offer scholarships to children at the bottom of the socio economic pyramid.

The Foundation works closely with a residential school which houses tribal children and which offers educational and sports facilities up to class XII.

We also promote girl child education by providing academic, material and social support that allows them to access quality education and to attend school with dignity.

The Foundation has partnered with professionals to work with children with developmental disabilities particularly Autism. We also support schools that run programs for children coming from diverse socio-economic backgrounds and disabilities.

Entrepreneurship promotion

As an extension of our focus on education, we believe that development of entrepreneurship is very important part of the long term goal of nation building. In our endeavor to support the objective of development of entrepreneurship, JM Financial, together with a few like-minded entities, supports the initiative called VentureStudio of Ahmedabad University.

Health Initiatives

The Foundation has associated with partners to provide the needy with effective medical treatment free or at a subsidised cost. The health initiatives include rehabilitation of the physically challenged, treatment for cancer patients, free health camps for the underprivileged, promotion of alternate medicine like Ayurveda, etc.

When it comes to pediatric care, we have supported liver transplant for underprivileged children, which is an extremely specialised and

Management Discussion and Analysis (contd.)

expensive procedure. A ventilator has also been donated to a pediatric ICU, so as to benefit a large number of children, who otherwise are unable to access one.

Vocational Training

The Foundation backs the under privileged youth by equipping them with vocational skills to enable them to become economically independent and start life afresh.

We support a project that enables underprivileged youth like school dropouts by offering them vocational training courses, viz. Computers, Designing, Carpentry, Tailoring, Beautician, etc.

Disaster Relief

Through our partners, we have worked extensively to help rehabilitate those affected by the Uttarakhand floods. In the drought hit regions of Maharashtra, we helped provide relief measures by way of providing for water tankers for the people. Fodder camps were also organized to help them sustain their livestock.

Others

Apart from the above, we have supported activities related to promotion of sports, animal welfare, promotion of culture, women empowerment, wildlife conservation, solar lighting in villages, etc.

Project Drishti

Under this project, all glossy magazines are accumulated and sent to the Kamla Mehta School for the blind at regular intervals. The paper from these magazines is used for preparing reading and learning material in Braille.

Sparsh

This is the employee volunteering initiative at JM Financial. Employees help the lesser privileged aged members of society through the SPONSOR A GRAN program of Helpage India and mentor children from Akanksha by counseling them on career options, self-confidence, academic help, etc. Employees have come together to form 'Team Wavloli' – they visit the Wavloli Ashram School at Pali, Maharashtra and interact with the tribal children. Recently, a field trip to the Nehru Planetarium was organized for these children.

Joy of Giving

JM Financial celebrates the "Joy of Giving Week" every year. Typically the Joy of Giving week entails the following activities –

1) Joy Boxes are placed at our office premises through the week. Employees are encouraged to place various items such as clothes, stationary, household items, etc, which are donated to Goonj, an NGO dedicated to the re-distribution of such items to the needy across India.
2) Blood Donation camps were organised across the offices of the Group in Mumbai.
3) Paraplegic Foundation - a display of an array of items for sale such as envelopes, candles, table linen, etc all made exclusively by paraplegics, was organised and received an excellent response from employees

Walkathon

We organize the JM Financial Walkathon, which is an annual event, where we invite clients and employees to pledge their support and to walk for a better future of the under-privileged. The Walkathon also serves as a fund-raiser where we invite contributions towards the various causes supported by the JM Financial Foundation.

The funds raised from the Walkathon are utilized towards various initiatives across the year, which focus on the betterment of various segments of the communities. This year, the Walkathon was held on Sunday, February 9, 2014.

HUMAN RESOURCES

JM Financial is a dynamic and progressive group that actively fosters a challenging work environment and encourages entrepreneurship. With trust being the critical part of our business belief, we lay a strong emphasis on integrity, teamwork, innovation, performance and partnership.

Our professional staff with diverse backgrounds bring varied talent, knowledge and experience to the Group, helping our businesses to remain competitive, achieve greater success and newer milestones.

At JM Financial, we offer a well-defined career path in the financial services sector, with ample opportunities to think, explore, learn and grow. Additionally, we give the flexibility to our employees of moving within the Group across various businesses and locations.

The Human Resources (HR) function aims to achieve mutually rewarding association with its human capital and thus facilitate optimum return on investment. HR plays the role of an effective

business partner in building the Group HR strategy and supports all our businesses by delivering best HR practices, processes and systems. HR coverage team members responsible for individual business units support employee engagement, resourcing, data analysis, employee relations & guidance, performance management, compensation & benefits and learning & development services.

HR function plays a critical role in managing the Group's most important asset, our people. HR team's broad range of activities include:

- Talent Management
- Retention programs
- Succession planning
- Workforce diversity
- Progressive compensation and benefits design and implementation
- Employee relations and Employee engagement
- Learning & Development
- Performance Management System
- Rewards & Recognition

Our HR policies make us an innovative and attractive employer in the market place. Promoting internal mobility, recruiting talent, encouraging sustained employee development, offering competitive compensation and engaging work environment are all factors that make JM Financial an innovative and attractive employer. Our people work together across regions and divisions leading to a lively collaborative exchange of information and experience which results in increasing value to stakeholders. Our total employee strength as on March 31, 2014 was 967 compared to 1,007 a year before.

SAFE HARBOUR

This report describing our activities, projections and expectations for the future, may contain certain 'forward looking statements' within the meaning of applicable laws and regulations. The actual results of business may differ materially from those expressed or implied due to various risk factors and uncertainties. These risk factors and uncertainties include the effect of domestic as well as global economic and political events, volatility in interest rates and in the securities market, new regulations and government policies that may impact our businesses as well as ability to implement our strategies. We are under no obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events and assume no liability for any action taken by anyone on the basis of any information contained herein.

Report on Corporate Governance

1. CORPORATE GOVERNANCE

Corporate Governance is about commitment to values, ethical business conduct and about considering all stakeholders' interest in conduct of business. Transparency and accountability are the two basic tenets of Corporate Governance. Your Company continues to lay great emphasis on the broad principles of Corporate Governance. JM Financial Group's philosophy on Corporate Governance is stated below:

PHILOSOPHY OF JM FINANCIAL ON CORPORATE GOVERNANCE

At JM Financial, we believe in adopting the 'best practices' followed in the area of Corporate Governance across various geographies. We emphasize the need for transparency and accountability in all our businesses, in order to protect the interests of our stakeholders.

Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by following values:

Our vision is to be the most trusted partner for every stakeholder and we are committed to provide fair, transparent and equitable treatment to our stakeholders.

Our core value system is guided by the principles of accountability, transparency, timely disclosure and dissemination of price sensitive information and matters of interest to the investors ensuring compliance with the applicable acts, laws, rules and regulations and conducting business in a best ethical manner. Accordingly, Corporate Governance stands on the aforesaid broad pillars of transparency, fairness in action, accountability and responsibility towards all the stakeholders.

Securities and Exchange Board of India has issued guidelines on the Corporate Governance for all listed companies through Clause 49 of the Listing Agreement. At JM Financial, we are not only committed to follow the prescribed corporate practises embodied in various regulatory provisions but also the best international practises. We also believe that good governance practises flow from the culture and mindset of the top management and percolate down in the organisation.

2. BOARD OF DIRECTORS

The Directors of your Company are eminent people from various fields and are also conscious of following the good governance practises. The Board oversees as to how the management serves and protects the long-term interests of all the stakeholders.

A. COMPOSITION OF THE BOARD

- As on March 31, 2014, the Company's Board consisted of six Directors, five of whom (i.e., 83.33%) are Non-Executive and Independent Directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement, entered into with the Stock Exchanges and in accordance with the provisions of the Companies Act, 2013 (the Act). The remaining one Director is the Managing Director of the Company. As per the Articles of Association of the Company, the maximum number of Directors the Company can have is 12.
- All the Non-Executive and Independent Directors have confirmed to the Board that they qualify to be independent as per the definition of 'Independent Director' stipulated in Clause 49 (I)(A)(iii) of the Listing Agreement and Section 149(6) of the Act. These confirmations have been placed before the Board.
- None of the Directors hold directorships in more than 20 companies. None of the Directors is serving as a Member of more than ten committees or as the Chairman of more than five committees across all the public companies of which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2014 have been made by the Directors.

B. MEMBERSHIPS OF OTHER BOARDS

The number of directorships and committee Chairmanships/Memberships held by the Directors in other public companies as on March 31, 2014 are given below:

Name of the Director	Category	Number of directorships in other public companies	Number of committee positions held in other public companies	
			Chairman	Member
Mr. Nimesh Kampani	Chairman & Managing Director	7	2	3
Mr. E A Kshirsagar	Non-Executive & Independent Director	6	3	4
Mr. Darius E Udwadia	Non-Executive & Independent Director	9	1	7
Dr. Vijay Kelkar	Non-Executive & Independent Director	7	1	1
Mr. Paul Zuckerman	Non-Executive & Independent Director	2	–	1
Mr. Keki Dadiseth	Non-Executive & Independent Director	8	3	3

Notes

- Other directorships as above do not include directorships of private limited companies, companies under Section 25 of Companies Act, 1956 and of companies incorporated outside India.
- Only the Audit and Shareholders' Grievance Committees are considered for the purpose of reckoning the number of Chairmanships and Memberships held by the Directors.
- None of the Non-Executive and Independent Directors have any material pecuniary relationship or transactions with the Company, other than the commission and sitting fees paid to them for attending the meetings of the Board and its Committee(s).

C. LENGTH OF TENURE OF NON-EXECUTIVE & INDEPENDENT DIRECTORS

Report on Corporate Governance (contd.)

D. BOARD MEETINGS AND BOARD PROCEDURE

- The Board meets at regular intervals. At least one meeting is held in every quarter inter alia to review the quarterly results. Additional meetings of the Board are held when deemed necessary. In case of business exigencies or urgencies, the resolutions are passed by way of circulation to the extent permissible under the applicable laws.
- During the financial year 2013-14, the Board met eight times on May 16, 2013, May 30, 2013, July 31, 2013, October 7, 2013, October 29, 2013, December 12, 2013, January 29, 2014 and March 25, 2014. The gap between two meetings did not exceed 120 days. The details of the attendence of the Directors at the Board meetings and the last Annual General Meeting is given below:

Name of the Director	No. of Board meetings held	No. of Board meetings attended	Attendance at the previous Annual General Meeting
Mr. Nimesh Kampani	8	8	Yes
Mr. E A Kshirsagar	8	8	Yes
Mr. Darius E Udwadia	8	7	Yes
Dr. Vijay Kelkar	8	7	Yes
Mr. Paul Zuckerman	8	4	Yes
Mr. Keki Dadiseth	8	6	Yes

- The necessary quorum was present at all the above meetings.
- During the financial year 2013-14, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement was placed before the Board.
- The tentative annual calendar of Board meetings is agreed upon at the beginning of the calendar year. The Board meetings are generally held at the registered office of the Company.
- With regard to matters requiring the approval of the Board, all the concerned persons in the Company communicate with the Company Secretary in advance to enable inclusion of such matters in the agenda for the Board meetings.
- The detailed agenda as approved by the Chairman together with the relevant attachments is circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take the informed decisions. Where it is not practicable to circulate any document or if the agenda is of the confidential nature, the same is tabled at the meeting.
- In special and exceptional circumstances, consideration of additional or supplementary items are taken up with the permission of the Chairman.
- The concerned officials of the Group are invited to the Board meetings to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.
- The Board Members interact with the CEOs of the various operating subsidiary companies frequently both at the Board meetings and outside the Board meetings.
- As part of its function, the Board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves quarterly/half yearly unaudited financial statements and the audited annual accounts, corporate strategies, business plans, annual budgets and capital expenditure.
- The Company Secretary places the gist of amendments as they take place in various laws applicable to the Company together with the implications of such amendments on the Company, its Directors and employees.

- Presentations are made on business operations to the Board by the respective heads of various businesses of the Group. Additionally, presentations are made on various matters including the financial statements, operations related issues, risk management, the regulatory environment or any other issue which the Board wants to be apprised of.
- The Board periodically reviews compliance reports of all laws applicable to the Company and its subsidiaries.
- The minutes of the Board meetings of the unlisted subsidiaries and a summary of the key decisions taken by their Board are tabled at the Board meetings of the Company on a quarterly basis.
- The draft minutes are circulated amongst the Members of the Board for their perusal.
- Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman.
- The minutes are generally confirmed by the Members of the Board at the next meeting.
- The Company has in place mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly defined framework. The framework comprise of an in-house exercise on Risk Management, carried out periodically by the Company, including the functioning of a structure to identify and mitigate various risks faced by the Group from time to time. A detailed note on risk management is given in the Risk Management section of Management Discussion and Analysis.
- The Company has an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. The important decisions taken at the Board/Committee meetings are communicated to the concerned persons promptly. Action taken report on the decisions/minutes of the previous meetings is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

E. CODE OF CONDUCT

- The Company has laid down a Code of Conduct ("Code") for the Board Members and Senior Management Personnel. The Code is available on the website of the Company i.e. www.jmfl.com. The Code impresses upon Directors and Senior Management Personnel to uphold the interest of the Company and fulfill the fiduciary obligations. The Code further enjoins the Directors and Senior Management Personnel to act in accordance with the highest standard of honesty, integrity, fairness and good faith and due diligence in performing their duties. The Code has been circulated to all the Members of the Board and Senior Management Personnel and they have confirmed compliance with the Code. A declaration signed by the Chairman and Managing Director to this effect is given below:

DECLARATION

I confirm that the Company has obtained the confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2013-14.

Place: Mumbai **Nimesh Kampani**
Date: May 6, 2014 Chairman & Managing Director

3. COMMITTEES OF THE BOARD:

- The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review.
- The Board Committees are established by the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities through the Committees and is responsible for its action. Each Committee of the Board is guided by its terms of reference and also makes specific references to the Board on various matters when required. All the minutes of committee meetings are placed before the Board for its noting.

Report on Corporate Governance (contd.)

- The Company had following Committees of the Board with specific terms of reference assigned to each of them.

The Board at its meeting held on May 6, 2014 has constituted **'Nomination and Remuneration Committee'** and **'Corporate Social Responsibility Committee'** and renamed the 'Shareholders' Grievance Committee' to **'Stakeholders' Relationship Committee'** as required under the Companies Act, 2013. With this, two separate committes viz., the 'Compensation Committee' and 'Nomination Committee' have been dissolved.

The Members of 'Nomination and Remuneration Committee' are; Mr. Nimesh Kampani, Mr. E A Kshirsagar, Mr. Darius E Udwadia and Dr. Vijay Kelkar and that of 'Corporate Social Responsibility Committee' are; Mr. Nimesh Kampani, Mr. Paul Zuckerman and Mr. Keki Dadiseth.

A. AUDIT COMMITTEE:

i. COMPOSITION

- The Audit Committee consists of three Non-Executive and Independent Directors. Mr. E A Kshirsagar, a Chartered Accountant, is the Chairman of the Committee. The other members are Dr. Vijay Kelkar and Mr. Paul Zuckerman. All the Committee members are learned and very experienced and well known in their respective fields. All members of the Committee are financially literate.
- The quorum for the Committee meetings is two members.
- The Company Secretary acts as the Secretary to the Committee.
- The Chief Financial Officer along with Internal Auditors and Statutory Auditors are invited to attend the meetings of the Committee.
- The minutes of each Audit Committee meeting are included in the agenda of the subsequent Board meeting for noting by the Directors.
- The Committee reviews with the management, the consolidated and standalone quarterly/half yearly yearly results of the Company prior to recommending the same to the Board for its approval.

ii. SCOPE /FUNCTION/TERMS OF REFERENCE

- The Audit Committee observes and controls the Company's financial reporting process with a view to provide accurate, timely and proper disclosures.
- The Committee's role includes overseeing the accounting and financial reporting process of the Company, audit of the Company's financial statements, appointment, independence, performance and remuneration of the statutory auditors and performance of internal auditors.
- The recommendation of the Audit Committee on any matter relating to financial management including the audit report, is communicated to the Board.
- The Audit Committee also reviews:
  - the financial statements of unlisted subsidiary companies.
  - material investments made by the unlisted subsidiary companies.
  - the statements of significant related party transactions.

- The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.
- The Board at its meeting held on May 6, 2014, approved the terms of reference of the Audit Committee in accordance with the provisions of Section 177 of the Companies Act, 2013, which are as follows:
  - the recommendation for appointment, remuneration and terms of appointment of the auditors of the Company;
  - review and monitor the auditors' independence and performance, and effectiveness of audit process;
  - examination of the financial statement and the auditors' report thereon;
  - approval or any subsequent modification of transactions of the Company with related parties;
  - scrutiny of inter-corporate loans and investments;
  - valuation of undertakings or assets of the Company, wherever it is necessary;
  - evaluation of internal financial controls and risk management systems;
  - monitoring the end use of funds raised through public offers and related matters.

iii. MEETINGS AND ATTENDANCE

- The Audit Committee met four times during the financial year 2013-14 on May 30, 2013, July 31, 2013, October 29, 2013 and January 29, 2014. The details of the attendance of the members at the said meetings is as below:

Name of the Members	No. of meetings held	No. of meetings attended
Mr. E A Kshirsagar	4	4
Dr. Vijay Kelkar	4	4
Mr. Paul Zuckerman	4	2

- The necessary quorum was present at all the Audit Committee meetings.
- Mr. E A Kshirsagar, the Chairman of the Committee, was present at the last Annual General Meeting held on July 31, 2013.

B. COMPENSATION COMMITTEE:

i. COMPOSITION

- The Compensation Committee of the Board comprises three members namely, Mr. Nimesh Kampani, Mr. E A Kshirsagar and Mr. Darius E Udwadia. Mr. Kshirsagar and Mr. Udwadia are Non-Executive and Independent Directors.
- Mr. Nimesh Kampani acts as the Chairman of the Compensation Committee.
- The Group Head - Human Resources is invited to the meetings of the Compensation Committee.

ii. SCOPE/FUNCTION/TERMS OF REFERENCE

- The Compensation Committee of the Board, inter alia, recommends and/or approves the compensation terms of the Executive and Non-Executive Directors and senior employees of the Company and its subsidiaries/associates and performs such other functions as may be delegated to it by the Board of Directors from time to time.
- The Committee also has the responsibility of formulation of the Employees' Stock Option Scheme of the Company and grant of stock options to the eligible employees in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

iii. MEETINGS AND ATTENDANCE

- The Compensation Committee met four times during the financial year 2013-14 on April 23, 2013, May 6, 2013, March 10, 2014 and March 25, 2014. The details of the attendance of the members at the said meetings is as below:

Name of the Members	No. of meetings held	No. of meetings attended
Mr. Nimesh Kampani	4	4
Mr. E A Kshirsagar	4	4
Mr. D E Udwadia	4	4

Report on Corporate Governance (contd.)

iv. REMUNERATION:

a. REMUNERATION OF THE CHAIRMAN & MANAGING DIRECTOR

- Mr. Nimesh Kampani, the Chairman & Managing Director of the Company was paid remuneration during the financial year 2013-14 in accordance with the terms and conditions of the Agreement entered into by the Company with him. The details of the remuneration of Mr. Kampani during the financial year 2013-14 is given below:

(Amount in ₹)

Salary	72,00,000
Performance Bonus	2,45,00,000
Perquisites	68,69,609
Total	**3,85,69,609**

- Additionally, the Company has contributed to the provident fund based on Mr. Kampani's entitlement as per the rules of the Company. Mr. Kampani was not paid any sitting fees for attending meetings of the Board or any committees thereof.

b. REMUNERATION POLICY FOR NON-EXECUTIVE & INDEPENDENT DIRECTORS

- The Company follows transparent process for determining the remuneration of Non-Executive and Independent Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the committees thereof attended by them, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of Non-Executive and Independent Directors.

- In the backdrop of growing complexities and increasing regulatory requirements, the Non-Executive Directors have contributed significantly and given constructive and useful feedback from time to time. Taking into consideration their contribution and the increased responsibilities under various Acts, an aggregate amount of ₹74 Lakh is proposed to be paid as commission to the Non-Executive Directors of the Company for the financial year 2013-14.

- The details of sitting fees/commission paid/payable to the Non-Executive and Independent Directors of the Company are given below:

(Amount in ₹)

Name of the Director	Sitting fees paid during the financial year 2013-14				Commission for Financial year 2013-14
	Board Meeting	Audit Committee Meeting	Compensation Committee Meeting	Shareholders' Grievance Committee Meeting	
Mr. E A Kshirsagar	160,000	80,000	40,000	-	16,00,000
Mr. Darius E Udwadia	140,000	-	40,000	-	14,00,000
Mr. Paul Zuckerman	80,000	40,000	-	-	14,00,000
Dr. Vijay Kelkar	140,000	80,000	-	15,000	16,00,000
Mr. KekiDadiseth	120,000	-	-	-	14,00,000

- None of the Non-Executive and Independent Directors holds any shares in the Company.
- During the financial year 2013-14, the Company paid ₹15,000/- as professional fees to M/s. Udwadia Udeshi & Argus Partners, a legal firm, of which Mr. Darius E Udwadia is a founder partner. Other than the above, no payments have been made to the Non-Executive Directors by the Company.

C. NOMINATION COMMITTEE

i. COMPOSITION

- The Nomination Committee comprises Mr. Nimesh Kampani, the Chairman and Managing Director and two Non-Executive and Independent Directors namely, Mr. Darius E Udwadia and Dr. Vijay Kelkar. Mr. Nimesh Kampani is the Chairman of the Committee.

ii. SCOPE/FUNCTION/TERMS OF REFERENCE

- The primary role of the Nomination Committee of the Board is to review and recommend the appointment of Non-Executive and Independent Directors and determining the process for evaluating the skills, knowledge, experience and effectiveness of individual Directors as well as the Board as a whole.

iii. MEETINGS AND ATTENDANCE

- No meeting of the Committee was held during the year in absence of any specific agenda.

D. SHAREHOLDERS' GRIEVANCE COMMITTEE

i. COMPOSITION

- The Shareholders' Grievance Committee currently comprises Dr. Vijay Kelkar, a Non-Executive and Independent Director and Mr. Nimesh Kampani, Chairman and Managing Director of the Company.
- Dr. Vijay Kelkar is the Chairman of the Committee. The Company Secretary of the Company acts as the Compliance Officer and takes the Committee through each of the grievances, the steps taken and the responses given by the Company to the shareholders/investors.

ii. SCOPE/FUNCTION/TERMS OF REFERENCE

- The objective of establishing this Committee is to look into the grievances of the shareholders/ investors and speedy disposal thereof. Further, this Committee is also required to be constituted in terms of Clause 49 of the Listing Agreement.

iii. MEETINGS AND ATTENDANCE

- The Shareholders' Grievance Committee met four times during the financial year 2013-14 on May 30, 2013, July 31, 2013, October 29, 2013 and January 29, 2014. The details of the attendance of the members at the said meetings is as below:

Name of the Members	No. of meetings held	No. of meetings attended
Mr. Vijay Kelkar	4	4
Mr. Nimesh Kampani	4	4

- The details of the Compliance Officer is given below for ready reference of the shareholders:

Name, designation, address & contact details of Compliance Officer	
Name	**Mr. P K Choksi** (Group Head – Compliance, Legal & Company Secretary)
Address	5th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025
Phone No	022 66303030
Fax No	022 66303223
Email ID	shareholdergrievance@jmfl.com

iv. NATURE AND NUMBER OF GRIEVANCES

- To provide an appropriate disclosure of the investor grievance, the Company has classified the investor communication by differentiating between general correspondences and reporting of grievances. During the financial year 2013-14, the complaints and queries received by the Company were general in nature, which includes matters relating to non-

Report on Corporate Governance (contd.)

receipt of a) dividend and b) Share certificates. The following complaints/grievances received from shareholders during the year by the Company/its Registrars were resolved promptly.

Nature of Grievances	No of Grievances received	No of Grievances resolved	Pending Grievances
Non-receipt of Dividend	33	33	Nil
Non-receipt of share certificates sent for transfer	1	1	Nil
Total	**34**	**34**	**Nil**

- All complaints have been resolved and no complaints remained unattended/pending as on March 31, 2014.

v. TREND OF GRIEVANCES RECEIVED DURING THE LAST FIVE YEARS

Following is the trend of grievances received during the last five years:

(Details as on March 31st)

Year	Number of Shareholders	Number of Grievances Received
2009-10	20,108	30
2010-11	49,781	35
2011-12	49,993	31
2012-13	55,091	36
2013-14	53,876	34

Trend of Shareholders' Grievances received during the last Five years

E. ALLOTMENT COMMITTEE

i. COMPOSITION

- The Allotment Committee of the Board comprises two members, out of which one member is Non-Executive and Independent Director namely Mr. Darius E Udwadia and other member is Mr. Nimesh Kampani, the Chairman & Managing Director.

ii. SCOPE/FUNCTION/TERMS OF REFERENCE

- The Allotment Committee, inter alia, considers and approves the allotment of shares/securities including those arising on account of exercise of stock options by the eligible employees. Additionally, the said Committee has been authorized to approve the requests for issue of duplicate share certificates, issue of new share certificates upon rematerialisation and such other related requests.

iii. MEETINGS AND ATTENDANCE

- The Allotment Committee met ten times during the financial year 2013-14 on May 6, 2013, May 16, 2013, May 30, 2013, June 27, 2013, July 22, 2013, October 7, 2013, November 14, 2013, December 16, 2013, January 29, 2014 and February 25, 2014. The details of attendance of the members at the said meetings is as below:

Name of the Members	No. of meetings held	No. of meetings attended
Mr. Darius E Udwadia	10	10
Mr. Nimesh Kampani	10	10

4. SUBSIDIARY COMPANIES

- The Company had following subsidiary companies, as on March 31, 2014.

% denotes equity holding

Report on Corporate Governance (contd.)

- Clause 49 of the Listing Agreement defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in immediately preceding accounting year.

- As per the above definition, the names of material non listed Indian subsidiaries of the Company as on March 31, 2014 together with the Non-Executive and Independant Directors of the Company who are also Non-Executive and Independant Directors on the Boards of these subsidiaries is given in the table alongisde.

Name of the material non-listed Indian subsidiaries	Name of the Independent Director
JM Financial Institutional Securities Limited	Mr. Paul Zuckerman
JM Financial Products Limited	Mr. E A Kshirsagar Mr. Darius E Udwadia
JM Financial Services Limited	Mr. Keki Dadiseth

- The minutes of the Board meetings of the unlisted Indian subsidiaries are placed at the Board meetings of the Company. The management also periodically brings to the attention of the Members of the Audit Committee, a statement of significant transactions and arrangements entered into by all the unlisted subsidiary companies.

5. GENERAL BODY MEETINGS

A. SPECIAL RESOLUTIONS MOVED AT THE GENERAL MEETINGS

All the resolutions moved at the last Annual General Meeting were passed by show of hands with requisite majority of the Members attending the meeting. The following Special Resolutions were passed at the last three years' General Meetings of the Company:

Date of AGM/EGM	Venue	Time	Whether Special Resolution passed	Summary
July 28, 2011 (AGM)	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	4.00 p.m.	Yes	• Re-appointment of Mr. Nimesh Kampani as the Managing Director of the Company for a period of 1 (one) year.
August 13, 2012 (AGM)	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road, Churchgate Mumbai - 400 020	4.00 p.m.	Yes	• Approval pursuant to Section 314(1) of the Companies Act, 1956 for Ms. Amishi Kampani, daughter of Mr. Nimesh Kampani, the Chairman and Managing Director, to hold the office or place of profit in JM Financial Institutional Securities Limited, a wholly owned subsidiary of the Company. • Re-appointment of Mr. Nimesh Kampani as the Managing Director of the Company for the period of 5 (five) years.
June 14, 2013 (EGM)	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	• Issue of up to 23,293,878 Warrants on preferential basis to Mr. Vikram Shankar Pandit (1,16,45,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants), Mrs. Aparna Murthy Aiyar (58,23,469 Warrants).

Date of AGM/EGM	Venue	Time	Whether Special Resolution passed	Summary
July 31, 2013 (AGM)	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	• Payment of commission to the Non-Executive Directors of the Company.

B. SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT

No Special Resolution was passed through postal ballot during the financial year 2013-14. None of the businesses proposed to be transacted at the ensuing AGM require passing a special resolution through Postal Ballot.

C. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2013-14, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual report.

6. DISCLOSURES

A. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

- The required statements/disclosures, with respect to the related party transactions, are placed before the Audit Committee on a quarterly basis in terms of clause 49(IV)(A) of the Listing Agreement.
- The Company has not entered into any transactions of material nature with its promoters, Directors, management and their relatives, which has any conflict with the interest of the Company. The disclosure of transactions with the related parties set out in the notes to accounts are forming part of the Annual Report.

B. NO PENALTY OR STRICTURES

There have been no instances of non-compliances by us and no penalties and/or strictures have been imposed on us by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital market during the Financial Year 2013-14.

C. DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

Your Company has followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, as amended from time to time, in preparation of its financial statements.

D. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a code of conduct for prevention of insider trading with a view to regulate trading in securities by the Directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the Directors, Senior Management Personnel and Employees likely to have access to price sensitive information.

E. DISCLOSURE OF RISK MANAGEMENT

The Company has a well-defined risk management framework in place. Further, it has established procedures to periodically place before the Board, the risk assessment and minimization procedures being followed and the steps taken by it to mitigate these risks.

F. RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

A qualified practicing Company Secretary conducts the Share Capital Reconciliation Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India)

Report on Corporate Governance (contd.)

Limited (CDSL) and the total issued and listed capital. The Share Capital Reconciliation Audit Report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. It also confirms that the Register of Members is updated, the dematerialization requests have been confirmed within 21 days and highlights the shares pending confirmation for more than 21 days from the date of requests.The said report is submitted to the BSE Limited and National Stock Exchange of India Limited and is also placed before the Board of Directors on a quarterly basis.

7. MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

8. NON-MANDATORY REQUIREMENTS

The Board has taken cognizance of the non-mandatory requirements and shall consider adopting the same at an appropriate time. The Whistle Blower Policy has been put in place to provide appropriate avenues to the employees to bring to the attention of the Management, the concerns about any unethical behaviour, by using the mechanism provided in the Policy. In cases related to financial irregularities, including fraud or suspected fraud, the employees may directly approach the Chairman of the Audit Committee of the Company. The Policy provides that no adverse action shall be taken or recommended against an employee in retaliation to his/her disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This Policy protects such employees from unfair or prejudicial treatment by anyone within the Group.

9. MEANS OF COMMUNICATION

Effective communication of information is an essential component of Corporate Governance. It is a process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management – shareholder relations. The Company regularly interacts with shareholders through multiple channels of communication such as results announcement, annual reports, media releases, Company's website and through green initiatives.

A. QUARTERLY RESULTS

The unaudited quarterly/half yearly financial results are announced within forty five days of the end of the quarter. The audited annual financial results are announced within sixty days of the close of the financial year as per the requirements of the Clause 41 of the Listing Agreement. The aforesaid financial results are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's shares are listed, immediately after these are approved by the Board. These results are thereafter published with in forty eight hours in 'Business Standard' and 'Sakal'.

B. WEBSITE

The Company's website www.jmfl.com provides information about its business. It is the primary source of information to the shareholders, customers, analysts and other stakeholders of the Company and to general public at large. It also contains a separate dedicated section 'Investor Relations' where shareholders' information is available. Further financial results, Annual Reports, Shareholding Pattern, official news releases, quarterly report on Corporate Governance and other general information about the Company is also available on the website.

C. ANNUAL REPORT

Annual Report containing, inter alia, Directors' Report, Auditors' Report, Audited Annual Accounts, Standalone and Consolidated Financial Statements and other important information is circulated to Members of the Company prior to the AGM. The Report on Management Discussion and Analysis forms part of the Annual Report. The Annual Report of the Company is also available on the website of the Company in a user friendly and downloadable format.

D. REMINDER TO SHAREHOLDERS

Individual reminders are sent each year to those shareholders whose dividends have remained unclaimed, before transferring the monies to the Investor Education & Protection Fund (IEPF). The information on unclaimed dividend is also posted on the website of the Company as aforesaid.

E. CORPORATE FILING AND DISSEMINATION SYSTEM (CFDS)

In compliance with Clause 52 of the Listing Agreement entered with Stock Exchanges, the financial results, shareholding pattern and quarterly report on Corporate Governance are filed electronically through CFDS portal, website – www.corpfiling.co.in, which is jointly owned, managed and maintained by BSE and NSE.

F. NSE ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS) AND BSE PORTAL FOR ELECTRONIC FILING

The financial results, shareholding pattern and quarterly report on Corporate Governance are filed electronically through NSE Electronic Application Processing System (NEAPS) portal i.e., www.connect2nse.com/listing and BSE portal i.e., http://listing.bseindia.com.

G. DESIGNATED EXCLUSIVE EMAIL-ID

The Company has designated shareholdergrievance@jmfl.com as an email id for the purpose of registering complaints by investors and the same is displayed on the Company's website.

H. PRICE SENSITIVE INFORMATION

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders are promptly intimated to the Stock Exchanges.

General Shareholders' Information

This section, *inter alia,* provides information to the shareholders pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and other information, in terms of Clause 49 of the Listing Agreement.

A. TWENTY NINTH ANNUAL GENERAL MEETING (AGM)

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Thursday, July 3, 2014	4.00 p.m.	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai – 400 021

B. FINANCIAL CALENDAR (FY 2014-15) (TENTATIVE / SUBJECT TO CHANGE)

Particulars	Period
Financial Year	April 1 to March 31
For consideration of Unaudited/Audited Financial Results	
First quarter ending June 30, 2014	On or before August 15, 2014
Second quarter and half year ending September 30, 2014	On or before November 15, 2014
Third quarter and nine months ending December 31, 2014	On or before February 15, 2015
Fourth quarter and annual year ending March 31, 2015	On or before May 30, 2015

C. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will remain closed from Friday, June 27, 2014 to Thursday, July 3, 2014 (both the days inclusive).

D. DIVIDEND PAYMENT DATE

The Dividend, if declared, will be paid/remitted on and from July 5, 2014.

E. DIVIDEND HISTORY COMMENCING FROM FINANCIAL YEAR - 2009 - 10

Year	Date of declaration	Date of payment	Dividend per share of the face value ₹1/- each (₹)	Total amount paid (₹ in Crore)
2009-10	July 28, 2010	August 2, 2010	0.50	37.49
2010-11	July 28, 2011	July 30, 2011	0.60	44.99
2011-12	August 13, 2012	August 16, 2012	0.60	45.04
2012-13 (Interim Dividend)	February 7, 2013	February 25, 2013	0.40	30.06
2012-13 (Final Dividend)	July 31, 2013	August 2, 2013	0.50	37.71
2013-14 (Interim Dividend)	January 29, 2014	February 14, 2014	0.45	33.99
2013-14 (Proposed Final Dividend)	July 3, 2014 (Proposed)	On and from July 5, 2014 (Proposed)	0.55	41.61

The Company constantly endeavours to reduce the unclaimed dividend amount. The shareholders who have not claimed their dividend are requested to contact the Company or its Registrars & Share Transfer Agents.

F. REGISTRARS AND SHARE TRANSFER AGENTS

The Company's share transfer services are handled by Sharepro Services (India) Private Limited (Sharepro). Sharepro is SEBI registered Category I – Registrar to an Issue and Share Transfer Agents. The shareholders may contact them at the following address:

Registered Office
13 AB Samhita Warehousing Complex,
2nd Floor, Sakinaka Telephone Exchange Lane,
Off Andheri-Kurla Road, Sakinaka,
Andheri (E), Mumbai-400072

Contact Person:
Ms. Indira Karkera/Mr. Gopal Poojari
Tel. No. 91 22 6772 0300

Counter Timings:
On Weekdays - 10.00 a.m. to 5.00 p.m.
On Saturdays - 10.00 a.m. to 4.00 p.m.

Investor Relations Office
912, Raheja Centre,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021

Contact Person:
Mr. Joseph Miranda
Tel. No. 91 22 6772 0700

Counter Timings:
On Weekdays - 10.00 a.m. to 5.00 p.m.
On Saturdays - 10.00 a.m. to 4.00 p.m.

G. SHARE TRANSFER SYSTEM

99.19% of the Company's equity shares are dematerialized and are in electronic mode. These shares can be dealt through the depositories in electronic mode. Transfer of shares in physical form is processed by the Company's Registrars & Transfer Agents (RTA) within fifteen days from the date of receipt, provided the documents are complete in all respects. All requests for transfer/transmission in physical mode are processed by the RTA and then submitted to the Company for approval. Mr. Nimesh Kampani, the Chairman & Managing Director and/or Mr. P K Choksi, the Company Secretary have been authorized by the Board to consider and approve the share transfer/transmission requests received from the shareholders/investors in physical mode from time to time.

H. HALF YEARLY AUDIT OF SHARE TRANSFERS

Pursuant to Clause 47(c) of the Listing Agreement, the Company obtains the certificate from a Practicing Company Secretary on half yearly basis to the effect that the requests for share transfers, transmission, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been effected within the stipulated time period subject to all the documents being in order. A copy of the certificate so received is submitted to the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's shares are listed.

I. LISTING ON STOCK EXCHANGES ALONG WITH THE SECURITY CODE/SYMBOL AND PAYMENT OF LISTING FEE

The Company's shares are listed on the following Stock Exchanges:

Name of the Stock Exchange & Address	Security Code/ Symbol	Payment of Annual Listing Fee (FY 2014-15)
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233/34, Fax: 91 22 2272 2041, www.bseindia.com	523405	Paid
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C-I, G Block, Bandra Kurla Complex Bandra East, Mumbai 400 051 Tel : 91 22 26598100/14 Fax: 91 22 26598120, www.nseindia.com	JMFINANCIL	Paid

General Shareholders' Information (contd.)

J. MARKET PRICE DATA

a. **Details of monthly open, high, low and close prices and volume of shares traded on BSE are given below:**

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
Apr-13	16.40	18.30	15.75	17.55	60,14,449
May-13	17.55	27.75	17.30	25.15	3,87,15,084
Jun-13	25.80	31.35	25.00	27.35	2,32,23,662
Jul-13	27.60	28.30	17.85	19.45	1,02,27,390
Aug-13	20.35	22.35	18.10	19.15	59,39,920
Sep-13	19.20	24.95	19.15	20.95	80,07,899
Oct-13	21.25	28.50	20.50	27.85	1,47,97,284
Nov-13	28.05	29.80	26.75	28.85	85,19,293
Dec-13	30.00	31.75	27.50	29.10	1,19,05,957
Jan-14	29.20	30.60	23.35	25.00	1,16,38,103
Feb-14	25.60	28.00	23.45	25.40	77,77,983
Mar-14	25.45	28.10	24.35	24.95	1,01,68,002

Source: www.bseindia.com

The performance of the share price of JM Financial Limited in comparison with S & P BSE Sensex is given below:

Source: www.bseindia.com

b. **Details of monthly open, high, low and close prices and volume of shares traded on NSE are given below:**

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
Apr-13	16.50	18.25	15.75	17.60	83,42,570
May-13	17.35	27.75	17.25	25.20	11,39,19,457
Jun-13	25.30	31.35	24.80	27.30	6,51,59,587
Jul-13	27.55	28.35	17.85	19.55	2,34,97,065
Aug-13	20.40	22.30	18.05	19.10	1,44,37,645
Sep-13	19.00	25.00	19.00	20.95	1,93,97,730
Oct-13	21.10	28.40	20.50	27.85	3,57,99,711
Nov-13	27.90	29.80	26.70	28.80	2,01,84,426
Dec-13	30.20	31.80	27.45	29.10	3,36,73,036
Jan-14	29.40	30.60	23.30	25.00	2,38,50,699
Feb-14	24.95	28.05	23.50	25.35	2,41,41,361
Mar-14	25.35	28.10	24.30	25.00	2,65,42,562

Source: www.nseindia.com

The performance of the share price of JM Financial Limited in comparison with Nifty is given below:

Source: www.nseindia.com

General Shareholders' Information (contd.)

K. DISTRIBUTION OF SHAREHOLDING

Distribution of Shareholding as on March 31, 2014

Number of shares held	Shareholders		Shares	
	Number	%	Number	%
1 - 5,000	51,250	95.13	3,62,28,170	4.79
5,001 - 10,000	1,273	2.36	1,02,80,650	1.36
10,001 - 20,000	633	1.18	95,20,845	1.26
20,001 - 30,000	222	0.41	56,07,739	0.74
30,001 - 40,000	110	0.20	39,12,554	0.52
40,001 - 50,000	92	0.17	43,57,269	0.58
50,001 - 1,00,000	139	0.26	1,04,00,210	1.38
100,001 and above	157	0.29	67,50,36,060	89.37
	53,876	**100.00**	**75,53,43,497**	**100.00**

L. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2014

Category	No. of shares	% to total paid-up equity share capital
Shareholding of Promoter & Promoter Group:		
Promoter	20,34,06,600	26.93
Person having control over the Company	13,53,57,500	17.92
Promoter Group and Persons acting in concert	17,90,25,165	23.70
Total (A)	**51,77,89,265**	**68.55**
Public Shareholding		
Individuals	11,82,03,633	15.65
Banks and Financial Institutions	323,708	0.04
Bodies Corporate	2,26,25,173	3.00
Mutual Funds	2,26,54,620	3.00
Trusts	3,77,075	0.05
Foreign Shareholding		
Non-resident Indians	20,22,742	0.26
Foreign Institutional Investors(FIIs)	7,13,47,281	9.45
Total (B)	**23,75,54,232**	**31.45**
Total (A) + (B)	**75,53,43,497**	**100.00**

M. LIST OF THE TOP 10 SHAREHOLDERS OF THE COMPANY (EXCLUDING PROMOTER/PROMOTERS GROUP) AS ON MARCH 31, 2014

Sr. No.	Name of the Shareholder	No. of Shares	Percentage (%)
1	Valiant Group#	2,60,86,400	3.45
2	Morgan Stanley Asia (Singapore) Pte	2,50,86,030	3.32
3	IDFC Premier Equity Fund	2,26,50,000	3.00
4	Azim Hasham Premji	2,18,75,000	2.90
5	Dimensional Emerging Market Value Fund	45,80,382	0.61
6	Durgesh S Shah	45,29,817	0.60
7	Tiger Global Mauritius Fund	39,00,000	0.52
8	Tata Investment Corporation Limited	35,29,000	0.47
9	MV SCIF Mauritius	21,66,563	0.29
10	The Emerging Market Small Cap Series of the DFA Investment Trust Company	20,73,645	0.27

#comprising Valiant Mauritius Partners Limited and Valiant Mauritius Partners Offshore Limited.

N. DEMATERIALISATION OF SHARES, INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN), CUSTODIAL FEES AND LIQUIDITY

The equity shares of the Company are available for trading in the dematerialized form under both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE780C01023. The annual custody fees for the financial year 2014-15 have been paid to NSDL and CDSL, the Depositories.

No. of Shares held in dematerialised and physical mode

Particulars	Number of Shareholders	No. of Shares	% to total capital issued
Held in dematerialised mode in NSDL	30,751	71,91,04,497	95.20
Held in dematerialised mode in CDSL	21,897	3,01,16,775	3.99
Shares held in physical mode	1,228	61,22,225	0.81
Total	**53,876**	**75,53,43,497**	**100.00**

The Company's equity shares are regularly traded on BSE and NSE, in dematerialised form.

The processing activities with respect to requests received for dematerialisation are generally confirmed by the RTA within 21 days from the date of login by the Depository Participants (DPs). Rejection cases are promptly returned to the DPs under advice to shareholders. The Company's market capitalization stood at ₹1,888.36 crore as on March 31, 2014 as compared to ₹1,213.86 crore as on March 31, 2013.

O. QUARTERLY SHARE CAPITAL AUDIT

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with a view to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the total issued and listed capital of the Company. The certificate received in this regard is submitted to BSE and NSE and is also placed before the Board of Directors on a quarterly basis.

General Shareholders' Information (contd.)

P. OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION AND LIKELY IMPACT ON EQUITY

The Company has not issued any GDRs/ADRs. The Company has allotted 2,32,93,878 Warrants, on a preferential basis, to Mr. Vikram Shankar Pandit (1,16,46,939 Warrants), Mr. Hariharan Ramamurthi Aiyar (58,23,470 Warrants) and Mrs. Aparna Murthy Aiyar (58,23,469 Warrants). The equity capital of your Company will go up by ₹2.33 crore (equivalent to 3% of the paid up capital of the Company) if all the Warrants as allotted above are converted into equity shares.

Q. REGISTERED OFFICE OF THE COMPANY/CORRESPONDENCE ADDRESS

The Company has shifted its registered office from 141, Maker Chambers III, Nariman Point, Mumbai - 400021 to **7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025.**

R. CORPORATE IDENTIFICATION NUMBER OF THE COMPANY (CIN)

L67120MH1986PLC038784

S. WEBSITE: www.jmfl.com

T. PLANT LOCATION: Not applicable

Auditors' Certificate

on Corporate Governance

To the Members,
JM Financial Limited

We have examined the compliance of conditions of corporate governance by JM Financial Limited (the Company), for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
Khimji Kunverji & Co
Chartered Accountants
Firm Registration No. 105146W

Date: May 6, 2014
Place: Mumbai

Shivji K Vikamsey
Partner (F - 2242)

Independent Auditors' Report

on the Standalone Financial Statements

TO THE MEMBERS OF JM FINANCIAL LIMITED

Report on the Financial Statements

1 We have audited the accompanying financial statements of JM Financial Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") which continues to be applicable even under the provisions of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

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

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

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

Opinion

6 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 March 31, 2014;

b) In the case of the Statement of Profit and Loss, of the profit 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.

Report on Other Legal and Regulatory Requirements

7 As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

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

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Act;

e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 6, 2014

Shivji K Vikamsey
Partner (F - 2242)

ANNEXURE REFERRED TO IN PARAGRAPH 7 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF JM FINANCIAL LIMITED ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED MARCH 31, 2014

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

(b) The fixed assets have been physically verified by the management at reasonable interval. As informed, no material discrepancies were noticed on such verification;

(c) The Company has not disposed off substantial part of its fixed assets during the year.

(ii) The Company does not hold any inventory during the year; hence clause (ii) of para 4 of the Order is not applicable to the Company.

(iii) The Company has neither taken nor granted any loans to parties covered in register maintained under section 301 of the Act, hence clause (iii) of para 4 of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given to us, and as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported for any continuing failure to correct major weaknesses in the internal control system relating to the aforesaid. During the year, the Company has neither purchased any inventory nor sold any goods.

(v) Based on the audit procedures applied and according to the information and explanations given to us, the contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under that section have been so entered. However, as there are no transactions that exceed a value of ₹5 lakh in respect of any party made during the year, clause v(b) of para 4 of the Order is not applicable to the Company.

(vi) According to information and explanations given to us, the Company has not accepted any deposits from the public; hence clause (vi) of para 4 of the Order is not applicable to the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of Company and nature of its business.

(viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

(ix) (a) According to the records of the Company, it is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor education and protection fund, Employees' State Insurance, Income Tax, Service Tax, Cess and other material statutory dues applicable to it. There were no arrears of such statutory dues as at March 31, 2014 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 outstanding dues of Income Tax, Service Tax, Wealth Tax, and Cess which have not been deposited on account of any dispute except as mentioned below:

Name of statute	Nature of dues	Year to which it pertains	Amount (₹)	Forum where dispute is appealable
Income Tax Act, 1961	Income Tax	F.Y. 2007-08	337,18,83,334/-	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	F.Y. 2010-11	7,47,31,050/-	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	F.Y. 1998-99	18,08,459/-	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	F.Y. 2002-03	36,18,493/-	Commissioner of Income Tax (Appeals)

(x) The Company has neither accumulated losses at the end of the financial year nor has incurred cash losses in the current year or in immediately preceding financial year.

(xi) The Company has not borrowed funds from financial institutions, banks or debenture holders; hence clause (xi) of para 4 of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society, hence clause (xiii) of para 4 of the Order is not applicable to the Company.

(xiv) According to the information and explanations given to us and in our opinion, the Company is not dealing or trading in shares, securities, debentures, and other investments, hence clause (xiv) of para 4 of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanations given to us, the Company has not raised any term loans; hence, clause (xvi) of para 4 of the Order is not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

(xix) According to the information and explanations given to us, the Company has not issued any debentures; hence, clause (xix) of para 4 of the Order is not applicable to the Company.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No. 105146W

Place: Mumbai
Date: May 6, 2014

Shivji K Vikamsey
Partner (F - 2242)

Standalone Balance Sheet

as at March 31, 2014

(₹ in Lakh)

	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,553.43	7,516.15
Reserves & surplus	2.2	1,54,319.34	1,54,428.55
Monies received against Warrants	2.3	1,109.37	–
		1,62,982.14	**1,61,944.70**
Share application money pending allotment	2.4	1.16	–
Non-current liabilities			
Deferred tax liabilities (net)	2.5	11,013.85	11,017.16
Other long term liabilities	2.6	130.47	104.20
Long term provisions	2.7	24.23	23.44
		11,168.55	**11,144.80**
Current liabilities			
Trade payables	2.8	58.26	55.28
Other current liabilities	2.9	692.90	332.65
Short term provisions	2.10	4,183.84	3,792.62
		4,935.00	**4,180.55**
TOTAL		**1,79,086.85**	**1,77,270.05**
ASSETS			
Non-current assets			
Fixed assets	2.11		
Tangible assets		154.31	139.28
Non-current investments	2.12	1,31,342.22	1,47,045.22
Long term loans and advances	2.13	16,106.26	15,006.25
Other non-current assets	2.14	314.93	382.74
		1,47,917.72	**1,62,573.49**
Current assets			
Cash and bank balances	2.15	21,713.34	13,373.38
Short term loans and advances	2.16	8,862.35	64.87
Other current assets	2.17	593.44	1,258.31
		31,169.13	**14,696.56**
TOTAL		**1,79,086.85**	**1,77,270.05**
Significant accounting policies & notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Standalone Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lakh)

	Note	For the year ended 31.03.2014	For the year ended 31.03.2013
Income:			
Revenue from operations	2.18	2,094.50	1,109.61
Other income	2.19	6,621.14	4,509.13
Total Revenue		**8,715.64**	**5,618.74**
Expenses:			
Employee benefits expense	2.20	731.95	427.43
Finance costs	2.21	8.93	2.91
Depreciation and amortisation expense	2.11	40.85	26.35
Other expenses	2.22	457.12	287.42
Total Expenses		**1,238.85**	**744.11**
Profit before tax		**7,476.79**	**4,874.63**
Tax Expense:			
Current tax		375.00	260.00
Deferred tax		(3.31)	(14.78)
Tax adjustment of earlier years (net)		–	148.02
		371.69	**393.24**
Profit for the year		**7,105.10**	**4,481.39**
Earnings per equity share (face value of ₹1/- each)	2.26		
Basic EPS (in ₹)		0.94	0.60
Diluted EPS (in ₹)		0.92	0.59
Significant accounting policies & notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Significant Accounting Policies
and Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India and as per the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the Accounting Standards notified under the Act (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 issued by the Ministry of Corporate Affairs), and the relevant provisions of the Act.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

1.3 Revenue recognition

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

Fees income is recognised on accrual basis in accordance with agreements/arrangements.

1.4 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM),based on rates as per the management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Act, whichever is higher, as per the following table:

Assets	Useful Life
Office premises	61 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers and software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.5 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.6 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management's estimate of fair value. Current investments are carried at lower of cost or fair value.

1.7 Employee benefits

Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Company's liability under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.8 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future

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taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.9 Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.10 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.11 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.12 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Authorised: **100,00,00,000 (100,00,00,000) equity shares of ₹1/- each**	**10,000.00**	**10,000.00**
Issued and Subscribed Capital: 75,53,43,497 (75,16,14,662) equity shares of ₹1/- each		
Paid up Capital: 75,53,43,497 (75,16,14,662) equity shares of ₹1/- each fully paid-up	7,553.43	7,516.15
TOTAL	**7,553.43**	**7,516.15**

Note a:

Reconciliation of the number of equity shares outstanding

	As at 31.03.2014		As at 31.03.2013	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	75,16,14,662	7,516.15	74,98,69,500	7,498.70
Shares issued upon exercise of stock options	37,28,835	37.28	17,45,162	17.45
Shares outstanding at the end of the year	75,53,43,497	7,553.43	75,16,14,662	7,516.15

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares:

	As at 31.03.2014		As at 31.03.2013	
Name of Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	26.93%	20,34,06,600	27.06%
Nimesh Kampani*	13,53,57,500	17.92%	13,53,57,500	18.01%
J. M. Assets Management Private Limited	10,22,68,408	13.54%	9,67,68,408	12.87%
Aruna Nimesh Kampani	3,84,51,250	5.09%	3,84,51,250	5.12%

* includes 12,50,000 equity shares held by Nimesh Kampani HUF

Note d:

Aggregate number of shares allotted as fully paid up by way of bonus shares during last 5 years:

	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Particulars	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid up by way of bonus shares	–	–	–	–	–

Notes (contd.)

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Capital reserve	**0.44**	**0.44**
Securities premium		
Opening balance	26,742.18	26,209.91
Add: Addition on shares issued during the year (ESOS)	844.41	532.27
Closing balance	**27,586.59**	**26,742.18**
General reserve		
Opening balance	17,500.00	17,000.00
Add: Transferred during the year	750.00	500.00
Closing balance	**18,250.00**	**17,500.00**
Share options outstanding		
Opening balance	2,595.70	2,214.84
Add: Additions on account of fresh grants during the year	614.31	1,033.32
Less: Transferred to securities premium upon exercise of ESOS	(844.41)	(532.27)
Less: Reduction on account of options lapsed during the year	(157.47)	(120.19)
Closing balance	**2,208.13**	**2,595.70**
Surplus in statement of profit and loss:		
Opening balance	1,07,590.23	1,10,876.54
Add: Profit for the year	7,105.10	4,481.39
Amount available for appropriation	**1,14,695.33**	**1,15,357.93**
Less: Appropriations		
Interim Dividend	3,399.08	3,006.24
Proposed dividend	4,161.13	3,770.75
Dividend on equity shares allotted after the adoption of previous years' accounts	2.49	2.60
Dividend distribution tax	108.45	488.11
Transferred to general reserve	750.00	500.00
	8,421.15	**7,767.70**
Closing balance	**1,06,274.18**	**1,07,590.23**
TOTAL	**1,54,319.34**	**1,54,428.55**

2.3 MONIES RECEIVED AGAINST WARRANTS

	As at 31.03.2014		As at 31.03.2013	
	Number of Warrants	Amount (₹ in Lakh)	Number of Warrants	Amount (₹ in Lakh)
Warrants	2,32,93,878	1,109.37	–	–
TOTAL	**2,32,93,878**	**1,109.37**	**–**	**–**

Note a:

The Company has received an aggregate amount of ₹1,109.37 Lakh as consideration towards the issue and allotment of 2,32,93,878 Warrants being 25% of the issue price of ₹19.05 per Warrant, as required pursuant to the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

The Allotment Committee of the Board has allotted the following Warrants:

Sr. No.	Name of the allottees	Number of Warrants allotted	Consideration (₹ in Lakh)	Date of Allotment
1	Mr. Vikram Shankar Pandit	1,16,46,939	554.69	December 16, 2013
2	Mr. Hariharan Ramamurthi Aiyar	58,23,470	277.34	June 27, 2013
3	Mrs. Aparna Murthy Aiyar	58,23,469	277.34	June 27, 2013
	TOTAL	**2,32,93,878**	**1,109.37**	

The allottee at Sr. No. 1 is entitled to apply for and be allotted one equity share for each Warrant held by him on payment of balance 75% of the issue price within 12 months from the date of allotment of Warrants in accordance with the approval given by Foreign Investment Promotion Board while granting its approval. The allottees at Sr. No. 2 and 3 above are entitled to apply for and be allotted one equity share for each Warrant held by them on payment of balance 75% of the issue price within 18 months from the date of allotment of Warrants.

Note b:

The total consideration received has been deployed in bank fixed deposit pending its utilisation.

2.4 SHARE APPLICATION MONEY PENDING ALLOTMENT

	As at 31.03.2014		As at 31.03.2013	
	Number of equity shares	Amount (₹ in Lakh)	Number of equity shares	Amount (₹ in Lakh)
Equity Share of ₹1/- each	1,15,618	1.16	–	–
TOTAL	**1,15,618**	**1.16**	**–**	**–**

Note a:

As at March 31, 2014, 1,15,618 equity stock (Options) (As at March 31, 2013: Nil Options) have been exercised by the eligible employees pursuant to the ESOS plan and pending allotment, the exercise price is lying as share application pending allotment. Out of 1,15,618 Options, 89,618 Options were granted on April 21, 2011 and balance of 26,000 Options were granted on April 16, 2012.

Each Option can be exercised at an exercise price of ₹1/- each. The Company has sufficient authorised share capital to issue equity shares arising on exercise of the Options. The equity shares arising on exercise of such Options have been allotted subsequent to the Balance Sheet date. On allotment of equity shares, the Company will recognise securities premium of ₹31.01 Lakh (Previous year Nil).

Notes (contd.)

2.5 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Deferred tax liabilities:		
Investments	11,018.61	11,018.61
Depreciation	5.62	7.82
	11,024.23	**11,026.43**
Deferred tax assets:		
Expenditure	10.38	9.27
	10.38	**9.27**
TOTAL	**11,013.85**	**11,017.16**

2.6 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Property deposits	100.00	100.00
Long term maturities of finance lease obligations (secured by way of hypothecation of vehicles. The lease is repayable on a monthly basis ranging between 36 and 48 months) (refer note 2.27)	30.47	4.20
TOTAL	**130.47**	**104.20**

2.7 LONG TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
For employee benefits – gratuity [refer note 2.28 A (a)]	24.23	23.44
TOTAL	**24.23**	**23.44**

2.8 TRADE PAYABLES

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Micro, small and medium enterprises (refer note 2.25)	–	–
Other than micro, small & medium enterprises	58.26	55.28
TOTAL	**58.26**	**55.28**

2.9 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles) (refer note 2.27)	16.99	7.30
Unclaimed dividend	123.17	92.47
Employee benefits payable	454.10	172.64
Statutory dues	24.64	10.24
Other short term liabilities	74.00	50.00
TOTAL	**692.90**	**332.65**

2.10 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
For employee benefits:		
Gratuity [refer note 2.28 A (a)]	11.47	11.31
Compensated absences [refer note 2.28 A (b)]	11.24	10.56
For proposed dividend	4,161.13	3,770.75
TOTAL	**4,183.84**	**3,792.62**

Notes (contd.)

2.11 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)				Depreciation / Amortisation				Net block	
	As at 31.03.2013	Additions for the year	Deductions for the year	As at 31.03.2014	As at 31.03.2013	Additions for the year	Deductions for the year	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
TANGIBLE ASSETS										
Owned assets:										
Office premises	108.50	–	–	108.50	36.73	1.78	–	38.51	69.99	71.77
Furniture and fixtures	24.62	–	–	24.62	13.60	1.96	–	15.56	9.06	11.02
Office equipments	6.51	–	0.96	5.55	3.16	0.80	0.96	3.00	2.55	3.35
Computers	5.54	–	–	5.54	1.32	1.09	–	2.41	3.13	4.22
Leasehold improvements	52.85	–	–	52.85	23.30	3.87	–	27.17	25.68	29.55
Motor vehicle	46.43	–	–	46.43	37.15	9.28	–	46.43	–	9.28
Leased assets:										
Motor vehicles (refer note below)	33.44	55.88	–	89.32	23.35	22.07	–	45.42	43.90	10.09
TOTAL	**277.89**	**55.88**	**0.96**	**332.81**	**138.61**	**40.85**	**0.96**	**178.50**	**154.31**	**139.28**
Previous year	421.63	36.34	180.08	277.89	193.60	26.35	81.34	138.61	139.28	–

Note: Vendor has a lien over the assets taken on lease.

2.12 NON-CURRENT INVESTMENTS

(₹ in Lakh)

	As at 31.03.2014		As at 31.03.2013	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)				
Unquoted				
(a) Investment in equity shares of ₹10/- each				
In subsidiaries:				
1 JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2 JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3 JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
4 JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
5 JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
6 FICS Consultancy Services Limited	50,000	1,000.00	–	–
7 JM Financial Insurance Broking Private Limited	60,000	1.00	–	–
8 Infinite India Investment Management Private Limited	16,00,000	238.00	16,00,000	238.00
In associate companies:				
9 JM Financial Asset Reconstruction Company Private Limited	10,29,00,000	10,290.00	10,29,00,000	10,290.00
10 JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
(b) Investment in preference shares of ₹10/- each				
In subsidiaries:				
11 JM Financial Institutional Securities Limited (10% Participating non-cumulative redeemable preference shares) [refer note i(a)]	–	–	46,40,000	16,704.00
12 JM Financial Properties and Holdings Limited (10% Participating non-cumulative redeemable peference shares) [refer note i(b)]	9,50,50,000	9,505.00	9,50,50,000	9,505.00
		1,31,340.73		**1,47,043.73**
II OTHER INVESTMENTS				
Investments in Mutual Funds				
13 JM Equity Fund (refer note ii &iii)	16,072	1.49	16,072	1.49
TOTAL		**1,31,342.22**		**1,47,045.22**

Notes:

i. (a) Redeemable at the option of the issuer at any time but not later than January 10, 2022, being 10 years from the date of allotment.

(b) Redeemable at the option of the issuer at any time but not later than October 24, 2022 being 10 years from the date of allotment.

ii. Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

iii. Net asset value of the mutual fund units as on March 31, 2014 is ₹2.56 Lakh (previous year ₹2.20 Lakh) against book value of ₹1.49 Lakh (previous year ₹1.49 Lakh).

Notes (contd.)

2.13 LONG TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Capital advances	48.73	36.90
Security Deposits*	430.08	429.99
Staff loans	–	65.00
Advance tax (net of provisions)	15,627.45	14,474.36
TOTAL	**16,106.26**	**15,006.25**

* Includes ₹150 Lakh receivable from a related party.

2.14 OTHER NON-CURRENT ASSETS
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Receivable from subsidiaries	314.93	382.74
TOTAL	**314.93**	**382.74**

2.15 CASH AND BANK BALANCES

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Cash and cash equivalents:		
Cash on hand	0.18	0.43
Balances with banks:		
In current accounts	55.36	70.61
In deposit accounts (less than 3 months maturity)	21,535.00	11,310.63
	21,590.54	**11,381.67**
Other bank balances	122.80	1,991.71
TOTAL	**21,713.34**	**13,373.38**
Earmarked balances with banks for unclaimed dividend included in other bank balances	122.80	91.71

2.16 SHORT TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Staff loans	65.16	37.38
Advances recoverable in cash or in kind or for value to be received	36.89	19.30
Inter corporate deposit to a wholly owned subsidiary	8,750.00	–
Prepaid expenses	10.30	8.19
TOTAL	**8,862.35**	**64.87**

2.17 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2014	As at 31.03.2013
Interest accrued but not due	163.63	240.04
Receivable from subsidiaries	429.81	1,018.27
TOTAL	**593.44**	**1,258.31**

2.18 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest income	2,094.50	1,109.61
TOTAL	**2,094.50**	**1,109.61**

2.19 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Dividend from subsidiaries on non-current investments	6,534.18	4,234.96
Interest income– others	0.05	238.22
Lease rent	23.58	21.75
Miscellaneous income	63.33	14.20
TOTAL	**6,621.14**	**4,509.13**

Notes (contd.)

2.20 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Salaries, bonus and allowances	710.54	399.97
Contribution to provident and other funds	18.96	17.80
Gratuity	0.95	9.23
Staff welfare	1.50	0.43
TOTAL	**731.95**	**427.43**

2.21 FINANCE COSTS

(₹ in Lakh)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Finance charges on leased assets	8.92	2.91
Others	0.01	-
TOTAL	**8.93**	**2.91**

2.22 OTHER EXPENSES

(₹ in Lakh)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Rent	142.58	38.11
Legal and professional fees	34.37	24.06
Membership and subscription	6.09	6.28
Rates and taxes	21.10	4.88
Communication expenses	18.48	17.70
Repairs and maintenance	1.27	0.29
Information technology expenses	–	0.09
Travelling and conveyance expenses	10.60	12.31
Electricity expenses	4.97	0.73
Printing and stationery expenses	19.90	19.93
Business development expenses	3.53	3.91
Donation	45.65	35.00
Insurance expenses	15.69	15.24
Auditors' remuneration (refer note 2.29)	17.36	15.87
Motor car expenses	17.48	16.77
Directors' sitting fees	9.35	8.50
Directors' commission	74.00	50.00
Miscellaneous expenses	14.70	17.75
TOTAL	**457.12**	**287.42**

2.23 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹37,964.57 Lakh (previous year ₹311.74 Lakh). During the year, the Company received a notice of demand from the income tax department pursuant to the completion of fresh adjudication by the assessing officer for the assessment year 2008-09. The additional tax liability arising out of the aforesaid notice, net of relevant deferred tax liability is ₹37,282.45 Lakh, inclusive of interest of ₹15,587.00 Lakh. The demand of additional tax is mainly on account of income tax department treating the long term capital gain on sale of equity shares held in joint venture company with Morgan Stanley as taxable under the head "Business Income" and not under the head "Capital Gains".

The Company has challenged the above assessment order before the appellate authority.

CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹70.42 Lakh (previous year ₹65.42 Lakh).

2.24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Stock Options are granted at an exercise price, which is either equal to the fair market price of the underlying equity shares, or at a premium, or at a discount to market price as may be determined by the Compensation Committee of the Board of the Company.

During the financial year, the Compensation Committee of the Board has granted stock options under Series 6, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee has granted 36,45,774 options (previous year 73,02,669 options) at an exercise price of ₹1/- per option to the Employees.

The details of options are as under:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Outstanding at the beginning of the year	2,70,52,907	2,21,49,273
Add: Granted during the year	36,45,774	73,02,669
Less: Exercised and allotted during the year	37,28,835	17,45,162
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	17,91,833	6,53,873
Outstanding at the end of the year	2,51,78,013	2,70,52,907
Exercisable at the end of the year	1,36,35,863	80,74,281

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted in Series 6 and 5 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs were the share price at respective grant dates, exercise price of ₹1/-, volatility of 54.64% to 58.06% (previous year 60.04% to 61.90%), dividend yield of 2.16% (previous year 1.48%), expected term of options in the range of 4 years to 5 years (previous year 4 years to 5 years), and a risk-free interest rate of 7.53% to 7.60% (previous year 8.36% to 8.37%).

Notes (contd.)

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	12,15,258	24,34,223	May 6, 2014	April 16, 2013	15.64	13.57
33.33%	12,15,258	24,34,223	May 6, 2015	April 16, 2014	15.49	13.50
33.33%	12,15,258	24,34,223	May 6, 2016	April 16, 2015	15.35	13.42
	36,45,774	**73,02,669**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is (₹106.67 Lakh) (previous year ₹322.80 Lakh) Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been increased after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net profit (₹ in lakh)	7,105.10	4,481.39	7,211.77	4,158.59
Basic earnings per share (in ₹)	0.94	0.60	0.96	0.55
Diluted earnings per share (in ₹)	0.92	0.59	0.94	0.55

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	16/04/2012	06/05/2013
Options granted	1,11,37,500	15,00,000	37,50,000	75,00,000	73,02,669	36,45,774
Options exercised till March 31, 2014	Nil	Nil	Nil	36,82,651	17,91,346	Nil
Options forfeited/ cancelled till March 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2014	1,12,500	15,00,000	10,00,000	7,33,908	5,42,073	2,95,452
Outstanding at end of year	1,10,25,000	Nil	27,50,000	30,83,441	49,69,250	33,50,322
Exercisable at end of year	1,10,25,000	Nil	9,16,667	10,09,586	6,84,610	Nil
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00
Pricing formula	₹54.80 (Adjusted for split & bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1.00 as was determined by the Compensation Committee at its meeting held on April 21, 2011	₹1.00 as was determined by the Compensation Committee at its meeting held on April 16, 2012	₹1.00 as was determined by the Compensation Committee at its meeting held on May 6, 2013

2.25 Under the head "Trade Payables" outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act 2006 is being disclosed as "Nil", as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes (contd.)

2.26 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit after tax (₹ in Lakh)	7,105.10	4,481.39
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	75,44,54,509	75,10,60,787
Basic earnings per share (in ₹)	0.94	0.60
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	76,90,77,829	75,35,74,503
Diluted earnings per share (in ₹)	0.92	0.59

2.27 LEASE TRANSACTION

Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total minimum lease payment outstanding as at March 31, 2014	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2014	Total minimum lease payment outstanding as at March 31, 2013	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2013
Not later than 1 year	23.22	6.23	16.99	8.95	1.65	7.30
Later than 1 year but not later than 5 years	36.32	5.85	30.47	4.48	0.28	4.20
Later than 5 years	–	–	–	–	–	–
TOTAL	**59.54**	**12.08**	**47.46**	**13.43**	**1.93**	**11.50**

Operating lease

a) The Company had taken premises on cancellable operating lease for a period of not more than 24 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates to ₹142.58 Lakh (Previous year ₹38.11 Lakh).

2.28 EMPLOYEE BENEFITS

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recgonised in the balance sheet with respect to gratuity	For the year ended March 31, 2014	For the year ended March 31, 2013
Present value of the defined benefit obligation at the year end	35.70	34.75
Fair value of plan assets	–	–
Net liability	**35.70**	**34.75**
Net liability is bifurcated as follows:		
Current	11.47	11.31
Non-Current	24.23	23.44

(₹ in Lakh)

Amount recgonised in salary wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2014	For the year ended March 31, 2013
Current service cost	0.70	3.57
Interest on defined benefit obligations	2.41	4.60
Expected return on plan assets	–	–
Net actuarial (gain)/loss recognised during the year	(2.16)	1.06
Past service cost	–	–
Net gratuity cost	**0.95**	**9.23**

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2014	For the year ended March 31, 2013
Expected return on plan assets	–	–
Actuarial gain/(loss) on plan assets	–	–

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening defined benefit obligation	34.75	55.71
Current service cost	0.70	3.57
Interest cost	2.41	4.60
Actuarial (gain)/loss	(2.16)	1.06
Past service cost	–	–
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	–	(30.19)
Benefits paid	–	–
Closing defined benefit obligation	**35.70**	**34.75**

Notes (contd.)

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2014	For the year ended March 31, 2013
Opening fair value of the plan assets	–	–
Expected return on plan assets	–	–
Actuarial (gain)/loss	–	–
Assets acquired on amalgamation	–	–
Contributions by the employer	–	–
Benefits paid	–	–
Closing fair value of the plan assets	–	–

(₹ in Lakh)

Investment details of plan assets	For the year ended March 31, 2014	For the year ended March 31, 2013
Investement	–	–

(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2014	For the year ended March 31, 2013
Discount rate	9.10%	8.10%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

- The estimates of future salary increases, takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

b) Compensated absences

As per the Company's policy, a provision of ₹11.24 Lakh (previous year ₹10.56 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹18.96 Lakh (previous year ₹17.80 Lakh).

2.29 AUDITORS' REMUNERATION*

(₹ in Lakh)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Audit fees	10.50	9.00
Certification	2.18	2.20
Limited review	4.50	4.50
Reimbursement of Expenses	0.18	0.17
TOTAL	**17.36**	**15.87**

*Above fees is exclusive of service tax of ₹2.15 Lakh (previous year ₹1.96Lakh)

2.30 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Commission and travelling expenditure	11.97	11.51
TOTAL	**11.97**	**11.51**

2.31 a) As the Company is a Core Investment Company, its 'investment activities' is considered as the only segment in the context of AS 17 on "Segment Reporting".

b) The Company does not have any reportable geographical segment.

2.32 Disclosure in respect of related parties is attached as Annexure 'I'

2.33 Statement of cash flow is attached as Annexure 'II'

2.34 Figures of the previous year have been regrouped / reclassified / rearranged wherever necessary to correspond with those of the current year's classification / disclosure.

Notes (contd.)

ANNEXURE 'I' TO NOTE 2.32 OF NOTES TO THE FINANCIAL STATEMENTS

DISCLOSURE IN RESPECT OF RELATED PARTIES PURSUANT TO AS 18 ON 'RELATED PARTY DISCLOSURE'

A. List of related parties

I) Parties where control exists:

Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities)
JM Financial Investment Managers Limited (Investment Managers)
JM Financial Services Limited (Financial Services)
JM Financial Commtrade Limited (Commtrade)
JM Financial Insurance Broking Private Limited (Insurance Broking)
JM Financial Products Limited (NBFC)
JM Financial Properties and Holdings Limited (Properties)
JM Financial Asset Management Limited (AMC)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Singapore Pte Ltd(JMFS)
PT JM Financial Securities Indonesia (JMF Indonesia)
JM Financial Securities Inc. (JMF USA)
Infinite India Investment Management Private Limited (Infinite)
CR Retail Malls (India) Limited (CRRM)
FICS Consultancy Services Limited (FICS) (w.e.f. March 28, 2014)

II) Other parties with whom the Company has entered into transactions during the year:

a) Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
JM Financial Trustee Company Private Limited (Trustee)

b) Key management personnel

Mr. Nimesh Kampani (NNK)

c) Relative of key management personnel

Ms. Aruna N Kampani (ARNK)
Mr. Vishal Kampani (VNK)
Ms. Amishi Kampani (AMNK)

d) Enterprise over which Key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
J. M. Assets Management Private Limited (J.M.Assets)
JSB Securities Limited (JSB)
Kampani Consultants Limited (KCL)
Persepolis Investment Company Private Limited (PICPL)
SNK Investments Private Limited (SNK)
FICS Consultancy Services Limited (FICS) (upto March 27, 2014)
Kampani Properties and Holdings Limited (KPHL)
Financial Engineering Solutions Private Limited (FES)

B. Related party relationships have been identified by the management and relied upon by the auditors.

ANNEXURE 'I' TO NOTE 2.32 OF NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

RELATED PARTY DISCLOSURES:

(₹ in Lakh)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnal is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Investments made in												
(refer note 2.12 of non-current investments)	–	9,800.00	–	–	–	–	–	–	–	–	–	9,800.00
Investments redeemed												
(refer note 2.12 of non-current investments)	16,704.00	13,496.40	–	–	–	–	–	–	–	–	16,704.00	13,496.40
Investments Purchased/ Transferred from												
NBFC	–	5.00	–	–	–	–	–	–	–	–	–	5.00
Financial Services	1.00	–	–	–	–	–	–	–	–	–	1.00	–
JMFICS	–	–	–	–	–	–	–	–	1,000.00	–	1,000.00	–
ICD placed (Net)												
FICS	–	–	–	–	–	–	–	–	8,750.00	–	8,750.00	–
Sale of fixed assets to												
Institutional Securities	–	115.77	–	–	–	–	–	–	–	–	–	115.77
NBFC	–	0.03	–	–	–	–	–	–	–	–	–	0.03
ARC	–	–	–	0.35	–	–	–	–	–	–	–	0.35
Infinite	–	0.03	–	–	–	–	–	–	–	–	–	0.03
Investment Managers	–	0.63	–	–	–	–	–	–	–	–	–	0.63
Employee related transfers to												
Institutional Securities	–	17.53	–	–	–	–	–	–	–	–	–	17.53
NBFC	–	17.69	–	–	–	–	–	–	–	–	–	17.69
ARC	–	–	–	0.03	–	–	–	–	–	–	–	0.03
Infinite	–	0.03	–	–	–	–	–	–	–	–	–	0.03
Investment Managers	–	0.67	–	–	–	–	–	–	–	–	–	0.67

Note:- (i) # Denotes amount below ₹500/-

Notes (contd.)

(₹ in Lakh)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnal is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Dividend received from												
Institutional Securities	1,633.68	559.59	–	–	–	–	–	–	–	–	1,633.68	559.59
NBFC	4,900.50	3,675.38	–	–	–	–	–	–	–	–	4,900.50	3,675.38
Dividend paid to												
JMFICS	–	–	–	–	–	–	–	–	1,932.36	2,034.07	1,932.36	2,034.07
J.M.Assets	–	–	–	–	–	–	–	–	944.05	967.68	944.05	967.68
JSB	–	–	–	–	–	–	–	–	61.80	65.05	61.80	65.05
KCL	–	–	–	–	–	–	–	–	6.51	6.85	6.51	6.85
SNK	–	–	–	–	–	–	–	–	110.77	116.60	110.77	116.60
NNK	–	–	–	–	1,285.90	1,353.58	–	–	–	–	1,285.90	1,353.58
ARNK	–	–	–	–	–	–	365.29	384.51	–	–	365.29	384.51
VNK	–	–	–	–	–	–	93.15	98.05	–	–	93.15	98.05
AMNK	–	–	–	–	–	–	76.00	80.00	–	–	76.00	80.00
Trustee	–	–	27.50	55.00	–	–	–	–	–	–	27.50	55.00
PICPL	–	–	–	–	–	–	–	–	15.68	16.50	15.68	16.50
Rent received from												
Financial Services	23.58	21.75	–	–	–	–	–	–	–	–	23.58	21.75
Interest received from												
FICS	8.63	–	–	–	–	–	–	–	289.54	–	298.17	–
Rent paid to												
KPHL	–	–	–	–	–	–	–	–	4.56	4.56	4.56	4.56
Properties	90.53	–	–	–	–	–	–	–	–	–	90.53	–
Demat Charges Paid to												
Financial Services	0.01	#	–	–	–	–	–	–	–	–	0.01	#
Remuneration paid to												
NNK		–		–	394.34	130.80		–		–	394.34	130.80

Note:- (i) # Denotes amount below ₹500/-

(₹ in Lakh)

	Subsidiaries		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnal is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Expenses reimbursed to												
Institutional Securities	1.35	–	–	–	–	–	–	–	–	–	1.35	–
Properties	14.10	–	–	–	–	–	–	–	–	–	14.10	–
JMFICS	–	–	–	–	–	–	–	–	8.30	2.58	8.30	2.58
Expenses recovered from												
Institutional Securities	–	28.42	–	–	–	–	–	–	–	–	–	28.42
NBFC	–	0.30	–	–	–	–	–	–	–	–	–	0.30
Outstanding Balances												
Investments in	1,21,048.23	1,36,751.23	10,292.50	10,292.50	–	–	–	–	–	–	1,31,340.73	1,47,043.73
Property deposits received from												
Financial Services	100.00	100.00	–	–	–	–	–	–	–	–	100.00	100.00
Property deposits paid to												
KPHL	–	–	–	–	–	–	–	–	150.00	150.00	150.00	150.00
ICD Outstanding												
FICS	8,750.00	–	–	–	–	–	–	–	–	–	8,750.00	–
Payable to												
NNK	–	–	–	–	245.00	–	–	–	–	–	245.00	–
Financial Services	#	0.01	–	–	–	–	–	–	–	–	0.01	0.01

Note:- (i) # Denotes amount below ₹500/-

Notes (contd.)

ANNEXURE 'II' TO NOTE 2.33 OF NOTES TO THE FINANCIAL STATEMENTS
STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lakh)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A Cash flow from operating activities		
Net Profit before tax	**7,476.79**	**4,874.63**
Adjustment for :		
Depreciation	40.85	26.35
Provision for/(reversal of) gratuity	0.95	9.23
Provision for/(reversal of) compensated absences	0.68	(14.47)
Other provisions	–	(3.25)
Dividend income	(6,534.18)	(4,234.96)
Interest expense	8.93	2.91
Operating profit before working capital changes	**994.02**	**660.44**
Adjustment for :		
(Increase)/decrease in short term loans and advances	(8,797.47)	(12.12)
(Increase)/decrease in long term loans and advances	53.06	49.03
(Increase)/decrease in other current assets	664.87	(328.44)
(Increase)/decrease in other noncurrent assets	(319.77)	756.58
Increase/(decrease) in trade payables	2.98	(18.67)
Increase/(decrease) in other current liabilities	360.25	(288.85)
Increase/(decrease) in other long-term liabilities	26.27	(9.62)
Cash generated from operations	**(7,015.79)**	**808.35**
Direct taxes paid	(1,528.09)	(274.22)
Net cash from operating activities	**(8,543.88)**	**534.13**
B Cash flow from investing activities		
Purchase of non-current investments – Subsidiaries	(1,001.00)	(9,805.00)
Sale of non-current investments – Subsidiaries	16,704.00	13,496.40
Purchase of fixed assets	(55.88)	(33.47)
Sale of fixed assets	–	98.74
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	1,868.90	(1,021.22)
Dividend income	6,534.18	4,234.96
Net cash from investing activities	**24,050.20**	**6,970.41**

(₹ in Lakh)

		For the year ended March 31, 2014	For the year ended March 31, 2013
C	**Cash flow from operating activities**		
	Proceeds from issue of equity share (including premium) upon exercise of options	881.69	549.73
	Monies received against Warrants	1,109.37	–
	Share application money pending allotment	1.16	–
	Interest paid	(8.93)	(2.91)
	Dividend paid (including dividend distribution tax)	(7,280.74)	(8,044.88)
	Net cash used in financing activities	**(5,297.45)**	**(7,498.06)**
	Net increase/(decrease) in cash and cash equivalents	**10,208.87**	**6.48**
	Cash & cash equivalents - opening	11,381.67	11,375.19
	Cash & cash equivalents - closing	21,590.54	11,381.67
Notes:			
i	The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii	Cash and bank balances as per note 2.15	21,713.34	13,373.38
	Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 – "Cash Flow Statement")	122.80	1,991.71
	Cash & cash equivalents as shown in Cash Flow Statement	**21,590.54**	**11,381.67**
iii	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Financial Information of the Subsidiary Companies for the Year ended March 31, 2014

(₹ / US$ / SGD / IDR in Lakh)

Name of the Subsidiary	Currency	Paid up Capital	Reserves	Total assets including investments	Invest-ments[a]	Total liabilities[b]	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Dividend proposed[c]
JM Financial Institutional Securities Ltd.	₹	2,800.00	23,950.55	34,329.50	13,278.14	7,578.95	15,155.16	2,797.79	127.31	2,670.48	3,908.73
JM Financial Services Ltd.	₹	5,000.00	18,650.67	50,461.11	0.03	26,810.44	20,140.19	157.42	(15.94)	173.38	–
JM Financial Insurance Broking Private Ltd.	₹	6.00	(4.91)	1.19	1.05	0.10	0.41	0.08	–	0.08	–
JM Financial Investment Managers Ltd.	₹	180.00	11,500.34	15,853.90	8,293.94	4,173.56	2,362.58	1,687.87	493.77	1,194.10	2,948.27
JM Financial Commtrade Ltd.	₹	2,350	(1,799.08)	1,105.43	–	554.51	419.95	(1,505.83)	6.59	(1,512.44)	–
JM Financial Products Ltd.	₹	54,450.00	43,082.09	4,03,349.39	3,444.20	3,05,817.30	52,919.35	20,209.77	6,729.57	13,480.20	1,911.11
JM Financial Asset Management Ltd.	₹	5,883.77	5,729.59	12,338.18	2,974.27	724.83	2,655.49	382.65	–	382.65	–
Infinite India Investment Management Private Ltd.	₹	160.00	637.35	1,010.89	3.69	213.54	678.34	189.71	39.00	150.71	–
JM Financial Properties and Holdings Ltd.	₹	9,805.00	101.50	21,403.37	–	11,496.87	2,126.31	423.01	121.73	301.28	–
CR Retail Malls (India) Ltd.	₹	2,000.00	671.01	8,680.78	–	6,009.77	1,124.94	62.54	6.00	56.54	–
FICS Consultancy Services Ltd.	₹	5.00	602.44	9,459.33	–	8,851.89	599.99	268.73	97.58	171.15	
JM Financial Overseas Holdings Private Ltd.	₹*	6,027.29	5,278.21	11,832.49	5,428.60	526.99	2,520.88	1,796.66	29.50	1,767.16	–
	US$	120.00	68.16	196.93	97.10	8.77	41.67	29.70	0.49	29.21	–
PT JM Financial Securities Indonesia	₹	3,191.33	(411.28)	2,803.63	–	23.58	465.93	190.49	36.89	153.60	–
	IDR	5,00,000.00	24,195.14	5,28,645.12	–	4,449.98	84,533.65	34,561.45	6,692.48	27,868.97	–
JM Financial Securities, INC	₹*	0.02	134.17	137.03	–	2.84	–	(22.86)	–	(22.86)	–
	US$	0.00	2.23	2.28	–	0.05	–	(0.38)	–	(0.38)	–
JM Financial Singapore Pte. Ltd	₹*	3,070.82	(1,352.50)	2,009.32	–	291.01	2,125.13	315.72	52.23	263.49	–
	SGD	64.00	(27.78)	42.35	–	6.13	44.45	6.70	1.09	5.61	–

* Exchange rate as on March 31, 2014: 1 US Dolloar (US$) = ₹60.10, 1 IDR = ₹0.0053 and 1 SGD = ₹47.45

Notes

a. Investments exclude investment in subsidiaries under consolidation.

b. Total liabilities exclude paid-up capital and reserves & surplus.

c. Dividend proposed includes dividend distribution tax.

Independent Auditors' Report

on the Consolidated Financial Statements

To the Board of Directors of JM Financial Limited

1. We have audited the accompanying Consolidated Financial Statements ("CFS") of JM Financial Limited ("the Company") and its Subsidiaries and Associates (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these CFS that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the CFS that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these CFS based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the CFS 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 accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the CFS.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the CFS give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
   (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the group for the year ended on that date; and
   (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date.

Other Matter

Included in this CFS are Assets of ₹5,259.40 crore as at March 31, 2014, Revenues of ₹974.16 crore and Net Cash Outflows of ₹63 crore of the subsidiaries and Profits of ₹3.45 crore of the associate for the year then ended, which have not been audited by us. These have been audited by other auditors whose reports have been furnished to us, and our opinion so far as it relates to the amounts included in respect of these entities, is based solely on reports of those respective auditors. Our opinion is not qualified in respect of this matter.

For **Khimji Kunverji & Co**
Chartered Accountants
Firm Registration No 105146W

Place: Mumbai
Date: May 6, 2014

Shivji K Vikamsey
Partner (F - 2242)

Consolidated Balance Sheet

as at March 31, 2014

(₹ in Crore)

	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	75.53	75.16
Reserves & surplus	2.2	2,103.26	1,969.32
Monies received against Warrants	2.3	11.09	–
Capital reserve on consolidation		7.25	6.11
		2,197.13	**2,050.59**
Share application money pending allotment	2.4	0.01	–
Minority interest		164.97	150.36
Non-current liabilities			
Long term borrowings	2.5	414.36	425.40
Deferred tax liabilities (net)	2.6	90.55	95.37
Other long term liabilities	2.7	3.00	0.04
Long term provisions	2.8	47.32	45.31
		555.23	**566.12**
Current liabilities			
Short term borrowings	2.9	2,234.29	3,500.25
Trade payables	2.10	262.41	210.69
Current maturities of long term borrowings	2.11	338.38	270.50
Other current liabilities	2.12	115.33	117.58
Short term provisions	2.13	62.30	61.04
		3,012.71	**4,160.06**
TOTAL		**5,930.05**	**6,927.13**
ASSETS			
Non-current assets			
Fixed assets	2.14		
Tangible assets	2.14A	117.81	21.26
Intangible assets	2.14B	4.76	5.48
Capital work in progress	2.14C	0.68	0.18
Goodwill on consolidation		105.26	74.62
Non-current investments	2.15	410.98	495.85
Long term loans and advances	2.16	1,585.12	1,116.14
		2,224.61	**1,713.53**
Current assets			
Current investments	2.17	83.84	72.06
Debt securities held as stock in trade	2.18	534.21	597.76
Assets held for arbitrage activities	2.19	–	502.37
Trade receivables	2.20	194.74	180.52
Cash and bank balances	2.21	974.18	1,419.40
Short term loans and advances	2.22	1,903.80	2,421.49
Other current assets	2.23	14.67	20.00
		3,705.44	**5,213.60**
TOTAL		**5,930.05**	**6,927.13**
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Crore)

	Note	For the year ended 31.03.2014	For the year ended 31.03.2013
Income:			
Revenue from operations	2.24	828.95	797.26
Other operating income	2.25	177.72	244.97
Total Revenue		**1,006.67**	**1,042.23**
Expenses:			
Employee benefits expense	2.26	203.16	197.99
Finance costs	2.27	307.83	376.92
Depreciation and amortisation expense	2.14	15.24	12.16
Other expenses	2.28	200.28	201.23
Total Expenses		**726.51**	**788.30**
Profit before tax		**280.16**	**253.93**
Tax Expense:			
Current tax		83.19	74.68
Deferred tax		(4.83)	(1.75)
Tax adjustment of earlier years (net)		1.62	2.00
		79.98	**74.93**
Profit for the year		**200.18**	**179.00**
Less: Share of minority interest		15.15	15.94
Add: Share in profit of associates		24.50	19.86
Net consolidated profit for the year		**209.53**	**182.92**
Earnings per equity share (face value of ₹1/- each)	2.33		
Basic EPS (in ₹)		2.78	2.44
Diluted EPS (in ₹)		2.72	2.43
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Significant Accounting Policies

and Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) comprises the financial statements of JM Financial Limited ("Company") and its subsidiaries and associate companies (herein after referred to as "Group companies" and together as "Group"). The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles in India and as per the provisions of the Companies Act, 1956 ('the Act') and the accounting principles generally accepted in India and comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs), and the relevant Provision of the Act.

1.2 Use of estimates

The preparation of financial statements is in conformity with Indian Generally Accepted Accounting Principles which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in Associate companies which have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of shareholders of the Company. Similarly the amount attributable to the share of minority interest in net assets of consolidated subsidiaries is identified and presented in the CFS, separate from the liabilities and the equity of the Company.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognised in the CFS as goodwill/capital reserve on consolidation.

1.4 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions and advisory assignments and arrangers' fees for mobilising funds is recognised when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognised when the services are determined to be completed.

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided on a pro-rata basis for the period of use, on the Straight Line Method (SLM) based on rates as per management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Act whichever is higher, as per the following table:

Assets	Useful Life
Office premises	61 years
Leasehold building	61 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipment	5 years
Computers and software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹5,000/- or less are fully depreciated in the year of acquisition.

Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a str aight line basis.

The Group capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recover able amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recover able amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The pro vision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual in vestment. Provision for diminution in the value of unquoted non-current (long term) investments is made as per the management's estimate. Current investments are carried at lower of cost or fair value.

1.8 Securities held as a result of underwriting/stock-in-trade

These securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

1.9 Employee benefits

Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.

Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act,1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short-term employee benefits

Short-term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

1.10 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

1.11 Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – "Financial Instruments: Recognition & Measurement" to the extent it is not inconsistent with the 'Accounting Standards' notified by the Companies (Accounting Standards) Rules 2006, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets 'held for trading'. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost

Notes
to Financial Statements

of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

1.13 Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

1.14 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

1.15 Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ₹ at the following exchange rates:

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference has been transferred to currency translation reserve.

1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

2. NOTES TO FINANCIAL STATEMENTS

2.1 SHARE CAPITAL

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Authorised: **100,00,00,000 (100,00,00,000) equity shares of ₹1/- each**	**100.00**	**100.00**
Issued and Subscribed Capital: 75,53,43,497 (75,16,14,662) equity shares of ₹1/- each		
Paid up Capital: 75,53,43,497 (75,1,6,14,662) equity shares of ₹1/- each fully paid-up	75.53	75.16
TOTAL	**75.53**	**75.16**

Notes (contd.)

Note a:

Reconciliation of the number of equity shares outstanding

	As at 31.03.2014		As at 31.03.2013	
	Number	Amount (₹ in Crore)	Number	Amount (₹ in Crore)
Shares outstanding at the beginning of the year	75,16,14,662	75.16	74,98,69,500	74.99
Shares issued upon exercise of stock options	37,28,835	0.37	17,45,162	0.17
Shares outstanding at the end of the year	75,53,43,497	75.53	75,16,14,662	75.16

Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

Note c:

Shares in the Company held by each shareholder holding more than 5 percent shares

	As at 31.03.2014		As at 31.03.2013	
Name of Shareholders	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	26.93%	20,34,06,600	27.06%
Nimesh Kampani*	13,53,57,500	17.92%	13,53,57,500	18.01%
J. M. Assets Management Private Limited	10,22,68,408	13.54%	9,67,68,408	12.87%
Aruna Nimesh Kampani	3,84,51,250	5.09%	3,84,51,250	5.12%

* includes 12,50,000 equity shares held by Nimesh Kampani HUF

Note d:

Aggregate number of shares allotted as fully paid up by way of bonus shares during last 5 years:

	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Particulars	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
Fully paid up by way of bonus shares	–	–	–	–	–

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Securities premium	275.87	267.43
Capital reserve	#	#
Capital redemption reserve	15.72	11.08
General reserve	205.25	193.85
Statutory reserve (under section 45-IC of The Reserve Bank of India Act, 1934)	126.53	99.43
Currency translation reserve	8.56	6.07
Share Options Outstanding		
Employee stock options outstanding	22.08	25.96
Less : Deferred employee compensation	7.45	14.01
	14.63	**11.95**
Surplus in statement of profit and loss:		
Opening balance	1,379.51	1,315.92
Add: Net consolidated profit for the year	209.53	182.92
Amount available for appropriations	**1,589.04**	**1,498.84**
Less: Appropriations		
Interim dividend	33.99	30.06
Proposed dividend	41.61	37.71
Dividend on equity shares allotted after the adoption of previous years' accounts	0.02	0.03
Dividend distribution tax		
by the Company	1.08	4.88
by the subsidiaries	12.50	11.06
Transferred to General reserve	11.40	6.54
Transferred to Statutory reserve	27.10	25.30
Transferred to Capital redemption reserve	4.64	3.75
Closing balance	**1,456.70**	**1,379.51**
TOTAL	**2,103.26**	**1,969.32**

#Denotes amount below ₹50,000/-

Notes (contd.)

2.3 MONIES RECEIVED AGAINST WARRANTS

	As at 31.03.2014		As at 31.03.2013	
	Number of Warrants	Amount (₹ in Crore)	Number of Warrants	Amount (₹ in Crore)
Warrants	2,32,93,878	11.09	–	–
TOTAL	**2,32,93,878**	**11.09**	**–**	**–**

Note a:

The Company has received an aggregate amount of ₹11.09 Crore as consideration towards the issue and allotment of 2,32,93,878 Warrants being 25% of the issue price of ₹19.05 per Warrant, as required pursuant to the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009.

The Allotment Committee of the Board has allotted the following Warrants:

Sr. No.	Name of the allottees	Number of Warrants allotted	Consideration (₹ in Crore)	Date of Allotment
1	Mr. Vikram Shankar Pandit	1,16,46,939	5.55	December 16, 2013
2	Mr. Hariharan Ramamurthi Aiyar	58,23,470	2.77	June 27, 2013
3	Mrs. Aparna Murthy Aiyar	58,23,469	2.77	June 27, 2013
	TOTAL	**2,32,93,878**	**11.09**	

The allottee at Sr. No. 1 is entitled to apply for and be allotted one equity share for each Warrant held by him on payment of balance 75% of the issue price within 12 months from the date of allotment of Warrants in accordance with the approval given by Foreign Investment Promotion Board while granting its approval. The allottees at Sr. No. 2 and 3 above are entitled to apply for and be allotted one equity share for each Warrant held by them on payment of balance 75% of the issue price within 18 months from the date of allotment of Warrants.

Note b:

The total consideration received has been deployed in bank fixed deposit pending its utilisation.

2.4 SHARE APPLICATION MONEY PENDING ALLOTMENT

	As at 31.03.2014		As at 31.03.2013	
	Number of equity shares	Amount (₹ in Crore)	Number of equity shares	Amount (₹ in Crore)
Equity Share of ₹1/- each	1,15,618	0.01	–	–
TOTAL	**1,15,618**	**0.01**	**–**	**–**

Note a:

As at March 31, 2014, 1,15,618 equity stock (Options) (As at March 31, 2013: Nil Options) have been exercised by the eligible employees pursuant to the ESOP plan and pending allotment, the exercise price is lying as Share application pending allotment. Out of 1,15,618 Options, 89,618 Options were granted on April 21, 2011 and balance of 26,000 Options were granted on April 16, 2012.

Each Option can be exercised at an exercise price of ₹1/- each. The Company has sufficient authorised share capital to issue equity shares arising on exercise of the Options. The equity shares arising on exercise of such Options have been allotted subsequent to the Balance Sheet date. On allotment of equity shares, the Company will recognise securities premium of ₹0.31 Crore (Previous year Nil).

2.5 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Secured Loans		
Term loan from banks [refer note 2.5(i)]	115.62	150.00
Non–convertible debentures [refer note 2.5(ii)]	302.00	249.00
Less : Unamortised discount on non convertible debentures	(4.61)	–
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.35	1.40
	414.36	**400.40**
Unsecured Loans		
Inter corporate deposits [refer note 2.5(iii)]	–	25.00
	–	**25.00**
TOTAL	**414.36**	**425.40**

Notes:

(i) Term loan from banks

Term Loans are secured by way of floating first pari passu charge by way of hypothecation on loans and advances given by the rele vant subsidiary company.

Maturity profile and rate of interest of Term Loans:

(₹ in Crore)

Rate of Interest	Non–current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
12.00%	79.17	70.83	70.83	–
12.45%	36.45	–	3.55	–
12.00%	–	79.17	–	–
Total	**115.62**	**150.00**	**74.38**	**–**

Notes (contd.)

(ii) Maturity profile and rate of interest of Non–convertible debentures

Maturity profile and rate of interest/ discounted rate of interest of Non–Convertible Debentures (NCD) face value of ₹1,000,000/– each:

(₹ in Crore)

Particulars	Non–Current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
11.00% NCD redeemable in year 2015–16*	25.00	–	–	–
11.00% NCD redeemable in year 2015–16*	10.00	–	–	–
10.85% NCD redeemable in year 2015–16*	8.00	–	–	–
11.40% NCD redeemable in year 2015–16	100.00	–	–	–
11.38% NCD redeemable in year 2016–17	100.00	–	–	–
10.85% NCD redeemable in year 2015–16	23.00	–	–	–
10.75% NCD redeemable in year 2015–16	16.00	–	–	–
10.10% NCD redeemable in year 2015–16	5.00	–	–	–
10.40% NCD redeemable in year 2015–16	5.00	–	–	–
10.60% NCD redeemable in year 2015–16	10.00	10.00	–	–
11.00% NCD redeemable in year 2014–15	–	165.00	165.00	–
10.50% NCD redeemable in year 2014–15	–	6.00	6.00	–
10.65% NCD redeemable in year 2014–15	–	30.00	30.00	–
10.40% NCD redeemable in year 2014–15	–	38.00	38.00	–
11.90% NCD redeemable in year 2013–14	–	–	–	250.00
11.25% NCD redeemable in year 2013–14	–	–	–	5.00
11.00% NCD redeemable in year 2013–14	–	–	–	7.50
11.40% NCD redeemable in year 2013–14	–	–	–	8.00
Total	**302.00**	**249.00**	**239.00**	**270.50**

*issued at discount.

₹389.00 Crore (Previous year ₹412.50 Crore) are secured by way of first charge on freehold land and hypothecation on certain identified loans and advances given by the relevant subsidiary company.

₹152.00 Crore (Previous year ₹ 107.00) are to be secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

(iii) Maturity profile and rate of interest of Inter Corporate Deposits

(₹ in Crore)

Rate of Interest	Non–current		Current	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
9.15%	–	25.00	25.00	–
	–	**25.00**	**25.00**	**–**

2.6 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Deferred tax liabilities:		
Investments	110.19	110.19
Depreciation	0.22	–
	110.41	**110.19**
Deferred tax assets:		
Expenditure	17.66	14.03
Depreciation	2.20	0.79
	19.86	**14.82**
TOTAL	**90.55**	**95.37**

2.7 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Property deposits	2.70	–
Other liabilities	0.30	0.04
TOTAL	**3.00**	**0.04**

2.8 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
For employee benefits - gratuity	8.84	9.16
For clawback obligation	10.53	8.43
For standard assets [refer Note 2.8(i)]	27.95	27.72
TOTAL	**47.32**	**45.31**

Notes:

(i) To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, requiring all NBFCs to make a general provision at 0.25 per cent of the outstanding standard assets. The relevant Subsidiary Company had in the past created provision for standard assets as per guidelines prescribed by the Board of Directors which is sufficient to comply with the aforesaid RBI notification.

Notes (contd.)

2.9 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Secured Loans		
Term loan from bank [refer Note 2.9(i)]	50.00	–
Borrowings under CBLO [refer Note 2.9(ii)]	–	129.00
Overdraft accounts / Loans from banks [refer Note 2.9(iii)]	51.48	122.01
Cash credit facilities [refer Note 2.9(iv)]	50.00	25.00
	151.48	**276.01**
Unsecured Loans		
Commercial papers	2,171.80	3,007.35
Less : Unamortised discount on commercial papers	(88.99)	(71.15)
Inter corporate deposits	–	243.00
Borrowings under Securities lending and borrowings (SLB)	–	45.04
	2,082.81	**3,224.24**
TOTAL	**2,234.29**	**3,500.25**

Notes:

(i) ₹50.00 Crore (Previous year ₹nil) are to be secured by way of a floating first pari pasu charge by way of hypothecation on certain identified loans and advances given by the relevant subsidiary company.

Rate of interest of term loan from bank is 11.20% p.a.

(ii) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).

(iii) Secured by collaterals/fixed deposits with banks.

(iv) Secured by way of hypothecation on certain identified loans and advances given.

2.10 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Micro, small and medium enterprises [see note (i) below]	–	–
Other than micro, small and medium enterprises	326.29	210.69
Less : Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.88)	–
Total	**262.41**	**210.69**

Notes:

(i) There are no dues payable to Micro and Small Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.

(ii) These amounts are payable only if and to the extent the same are received from NSEL.

2.11 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Secured Loans		
Term loan from bank [refer note 2.5 (i)]	74.38	–
Non-convertible debentures [refer note 2.5 (ii)]	239.00	270.50
	313.38	**270.50**
Unsecured Loans		
Inter corporate deposits [refer note 2.5 (iii)]	25.00	–
	25.00	**–**
TOTAL	**338.38**	**270.50**

2.12 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.15	1.02
Employee benefits payable	66.91	59.24
Interest accrued but not due on borrowings	25.47	27.90
Statutory dues	6.13	7.05
Margin from clients/franchisees	5.45	15.15
Overdrawn bank balance	4.48	0.82
Security deposits	2.86	2.86
Unclaimed dividend	1.23	0.92
Income received in advance	–	1.09
Other liabilities	1.65	1.53
TOTAL	**115.33**	**117.58**

Notes (contd.)

2.13 SHORT TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
For employee benefits:		
Gratuity	1.07	0.77
Compensated absences	5.25	5.12
For proposed dividend - Equity shares		
by the Company	41.61	37.71
by the Subsidiaries	1.63	5.45
For dividend distribution tax - Equity shares		
by the Subsidiaries	11.82	10.21
For dividend distribution tax - Preference shares by a subsidiary	0.92	1.78
TOTAL	**62.30**	**61.04**

2.14 FIXED ASSETS

(₹ in Crore)

Particulars	Gross block (at cost)						Depreciation / Amortisation						Net block	
	As at 31.03.2013	Additions*	Additions for the year	Deductions for the year	Currency Fluctuation	As at 31.03.2014	As at 31.03.2013	Additions*	Additions for the year	Deductions for the year	Currency Fluctuation	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
A. TANGIBLE ASSETS														
Owned assets:														
Land	0.21	–	–	–	–	0.21	–	–	–	–	–	–	0.21	0.21
Leasehold Building	–	63.57	–	–	–	63.57	–	4.71	0.78	–	–	5.49	58.08	–
Office premises	8.49	0.19	–	–	–	8.68	4.02	0.09	0.09	–	–	4.20	4.48	4.47
Leasehold improvements	9.60	12.52	4.87	4.52	(0.01)	22.48	7.69	5.64	2.58	3.97	(0.02)	11.96	10.52	1.91
Computers	36.90	–	2.71	7.72	0.01	31.88	30.88	–	2.46	7.72	#	25.62	6.26	6.02
Office equipments	16.78	13.20	5.07	5.33	(0.01)	29.73	14.63	11.64	2.70	4.99	(0.01)	23.99	5.74	2.15
Furniture and fixtures	14.53	3.22	27.69	1.90	(0.01)	43.55	10.79	1.54	2.67	1.26	#	13.74	29.81	3.74
Motor vehicles	1.56	–	–	–	–	1.56	1.10	–	0.30	–	#	1.40	0.16	0.46
Leased assets:														
Motor vehicles**	4.16	–	1.67	0.42	–	5.41	1.86	–	1.41	0.41	–	2.86	2.55	2.30
TOTAL (A)	**92.23**	**92.70**	**42.01**	**19.89**	**(0.02)**	**207.07**	**70.97**	**23.62**	**12.99**	**18.35**	**(0.03)**	**89.26**	**117.81**	**21.26**
B. INTANGIBLE ASSETS														
Software	20.67	0.03	1.52	2.13	–	20.09	15.19	0.03	2.25	2.14	–	15.33	4.76	5.48
Stock exchange memberships	1.43	–	–	–	–	1.43	1.43	–	–	–	–	1.43	–	–
Stock exchange non–refundable deposits	0.09	–	–	–	–	0.09	0.09	–	–	–	–	0.09	–	–
TOTAL (B)	**22.19**	**0.03**	**1.52**	**2.13**	**–**	**21.61**	**16.71**	**0.03**	**2.25**	**2.14**	**–**	**16.85**	**4.76**	**5.48**
TOTAL (A+B)	**114.42**	**92.73**	**43.53**	**22.02**	**(0.02)**	**228.68**	**87.68**	**23.65**	**15.24**	**20.49**	**(0.03)**	**106.11**	**122.57**	**26.74**
Previous year	**109.58**	**–**	**9.40**	**4.68**	**0.12**	**114.42**	**79.57**	**–**	**12.16**	**4.04**	**#**	**87.68**	**26.74**	
C. CAPITAL WORK IN PROGRESS	–						–						**0.68**	**0.18**

*Additions due to consolidation of CR Retail Malls (India) Limited and acquisition of FICS Consultancy Services Limited. **Vendor has lien over the assets taken on lease.
# Denotes amount below ₹50,000/–

Notes (contd.)

2.15 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2014		As at 31.03.2013	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)				
EQUITY SHARES (UNQUOTED)				
JM Financial Asset Reconstruction Company Private Limited	10,29,00,000	102.90	10,29,00,000	102.90
Add : Share in post acquisition profit		58.98		35.34
		161.88		**138.24**
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		4.07		3.21
		4.10		**3.24**
TOTAL (I)		**165.98**		**141.48**
II OTHER INVESTMENTS				
(Unquoted, unless otherwise stated)				
EQUITY SHARES				
a) Quoted		100.03		108.06
b) Unquoted		75.13		116.29
		175.16		**224.35**
PREFERENCE SHARES		48.42		43.42
DEBENTURES/BONDS		-		50.27
VENTURE CAPITAL FUND UNITS [refer note (i) below]				
Sponsored by the group		77.93		92.71
Others		9.43		9.78
EQUITY ORIENTED MUTUAL FUND UNITS [refer note (ii) below]		0.01		0.06
		310.95		**420.59**
Less: Provision for diminution in the value of investments		65.95		66.22
TOTAL (II)		**245.00**		**354.37**
TOTAL (I+II)		**410.98**		**495.85**

Notes:

(i) Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.

(ii) Includes investment in units of equity oriented mutual fund of ₹0.01 Crore (previous year ₹0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

2.16 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Capital advances (unsecured, considered good)	0.76	1.03
Security deposits (unsecured, considered good)	18.28	187.15
	19.04	**188.18**
Other long term loans and advances:		
Secured, considered good		
Loan funds	1,295.65	648.97
Unsecured, considered good		
Loan funds	–	17.50
Advance Tax (net of provisions)	225.88	205.43
Loan to Employees' Welfare Trust	34.50	44.80
Other deposits	8.71	8.11
Staff loans	0.18	2.47
Advances recover able in cash or in kind or for value to be received	0.63	0.63
Prepaid expenses	0.53	0.05
	1,566.08	**927.96**
TOTAL	**1,585.12**	**1,116.14**

2.17 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Fixed coupon notes	54.09	61.18
Debentures and bonds	15.02	2.00
Mutual fund	14.73	8.88
TOTAL	**83.84**	**72.06**

2.18 DEBT SECURITIES HELD AS STOCK IN TRADE

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
(At lower of cost or market value)		
Debt instruments [refer note (i) below]	534.21	597.76
TOTAL	**534.21**	**597.76**

Notes:

(i) Debt instruments includes interest accrued of ₹4.14 Crore (Previous year ₹12.59 Crore).

Notes (contd.)

2.19 ASSETS HELD FOR ARBITRAGE ACTIVITIES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Arbitrage assets [refer Note (i) below]	–	502.37
TOTAL	**–**	**502.37**

Notes:

(i) Includes assets amounting to ₹ nil (Previous year ₹ 144.78 Crore) pledged with stock exchanges towards exposure margin.

2.20 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	0.31	0.44
Unsecured, considered good	0.05	3.45
Secured, considered doubtful	-	0.32
Unsecured, considered doubtful	3.12	2.06
Less: Provision for doubtful debts	(3.12)	(2.38)
	0.36	**3.89**
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	99.24	61.96
Unsecured, considered good	95.14	114.67
Unsecured, considered doubtful	0.40	1.11
Less: Provision for doubtful debts	(0.40)	(1.11)
	194.38	**176.63**
TOTAL	**194.74**	**180.52**

2.21 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Cash and cash equivalents		
Cash on hand	0.01	0.05
Balances with banks:		
In current accounts	97.94	54.69
In deposit accounts (less than 3 months maturity)	309.43	304.31
	407.38	**359.05**
Other bank balances – in deposit accounts		
Under lien against which facilities are availed [refer note 2.21(iii) below]	209.43	386.44
Under lien against which facilities are not availed [refer note 2.21(iii) below]	349.63	648.02
Other bank balances	7.74	25.89
	566.80	**1,060.35**
TOTAL	**974.18**	**1,419.40**
Notes:		
i. Balances with banks in deposit accounts (maturing after 12 months)	–	0.25
ii. Earmarked balances with banks (against unclaimed dividend)	1.23	0.92
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	559.06	1,034.46

2.22 SHORT TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated)

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Loan funds (secured)	1,613.03	2,217.93
Loan funds (unsecured)	64.12	124.75
Security deposits	170.85	16.40
Accrued Interest on loan funds	39.10	37.06
Advances recoverable in cash or kind or for value to be received	7.88	8.06
Other deposits	5.27	11.00
Prepaid expenses	2.79	4.88
Staff loans	0.76	1.41
TOTAL	**1,903.80**	**2,421.49**

Notes (contd.)

2.23 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2014	As at 31.03.2013
Interest accrued but not due	13.31	18.47
Securities held for settlement of claims	0.98	1.00
Assets acquired in satisfaction of claims	0.38	0.53
TOTAL	**14.67**	**20.00**

2.24 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Fees and commission	246.32	219.15
Brokerage	94.16	107.61
Interest and other income on fund based activities	488.47	470.50
TOTAL	**828.95**	**797.26**

2.25 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest income	92.46	129.56
Income from arbitrage activities	22.23	52.46
Profit on sale of investments (net)	32.09	30.64
Dividend income	9.58	21.37
Gain on foreign currency transactions (net)	4.67	0.66
Miscellaneous income	16.69	10.28
TOTAL	**177.72**	**244.97**

2.26 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Salaries, bonus and allowances	194.25	187.63
Contribution to provident fund and other funds	6.40	6.32
Gratuity	0.92	2.28
Staff welfare	1.59	1.76
TOTAL	**203.16**	**197.99**

2.27 FINANCE COSTS

(₹ in Crore)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest expense	304.19	366.71
Other borrowing cost	3.04	9.89
Finance charges on leased assets	0.60	0.32
TOTAL	**307.83**	**376.92**

2.28 OTHER EXPENSES

(₹ in Crore)

	For the year ended 31.03.2014	For the year ended 31.03.2013
Sub-brokerage, fees and commission	80.33	100.44
Rent	23.63	21.08
Provision for bad & doubtful debts and assets written off	17.03	2.44
Legal and professional fees	11.52	15.44
Information technology expenses	7.99	7.62
Manpower expenses	7.93	6.93
Rates and taxes	6.57	5.79
Membership and subscriptions	6.38	6.81
Travelling, hotel and conveyance expenses	4.98	4.04
Electricity expenses	4.02	4.00
Repairs and maintenance	3.59	2.29
Communication expenses	3.57	3.62
Insurance expenses	2.64	2.92
Donation	2.30	2.16
Provision for clawback obligation	2.10	3.22
Fund expenses	1.60	2.23
Printing and stationery	1.42	1.70
Loss on sale of assets	1.33	0.22
Directors' commission	1.13	1.03
Business conference and seminar expenses	1.12	2.10
Advertisement and other related expenses	0.94	0.17
Auditors' remuneration	0.91	0.88
Provision for diminution in value of investments (net)	0.42	–
Loss on foreign currency transactions (net)	–	0.03
Miscellaneous expenses	6.83	4.07
TOTAL	**200.28**	**201.23**

Notes (contd.)

2.29 ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2014 (%)	Proportion of interest as on March 31, 2013 (%)
Subsidiaries			
JM Financial Institutional Securities Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Private Limited	India	100.00	100.00
JM Financial Insurance Broking Private Limited [refer note i]	India	100.00	90.90
JM Financial Properties and Holdings Limited	India	100.00	100.00
FICS Consultancy Services Limited [refer note ii]	India	100.00	–
CR Retail Malls (India) Limited [refer note iii]	India	100.00	–
JM Financial Commtrade Limited	India	96.81*	90.90
JM Financial Services Limited	India	90.90	90.90
JM Financial Products Limited	India	90.00	90.00
JM Financial Asset Management Limited	India	53.47	53.48
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd.	Singapore	94.14*	100.00
PT JM Financial Securities Indonesia	Indonesia	99.00	99.00
JM Financial Securities, Inc	USA	100.00	100.00
Associates			
JM Financial Asset Reconstruction Company Private Limited	India	49.00	49.00
JM Financial Trustee Company Private Limited	India	25.00	25.00

*includes Preference Shares

Notes:

i) JM Financial Insurance Broking Private Limited became wholly owned subsidiary of JM Financial Limited on March 28, 2014.

ii) JM Financial Limited has acquired 100% stake in FICS Consultancy Services Limited (FICS) on March 28, 2014. Accordingly, FICS has become its wholly owned subsidiary of the Company.

iii) The financial statements of CR Retail Malls (India) Limited were so far not consolidated in accordance with the provisions of AS 21 since the equity state therein was intended to be held temporarily till its disposal. From July 1, 2013 the financial statements of the said company have been consolidated as it has been decided to continue to hold the economic interest in the said company.

2.30 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹389.26 Crore (previous year ₹12.84 Crore). During the year, the Company received a notice of demand from the income tax department for the assessment year 2008-09 pursuant to the completion of fresh adjudication by the assessing officer. The tax liability arising out of the aforesaid notice, net of relevant deferred tax liability is ₹372.82 Crore, inclusive of interest of ₹155.87 Crore. The demand of tax is mainly on account of income tax department treating the long term capital gain on sale of equity shares held in joint

venture company with Morgan Stanley as taxable under the head "Business Income" and not under the head "Capital Gains". The Company has challenged the above assessment order before the appellate authority.

Disputed demands of service tax authorities is ₹1.24 Crore (previous year ₹1.24 Crore).

Clawback obligation towards JM Financial Property Fund I for probable shortfall in meeting the hurdle rate is ₹nil (previous year ₹1.25 Crore).

2.31 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹1.08 Crore (previous year ₹1.35 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹0.29 Crore (previous year ₹0.29 Crore).

2.32 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Stock Options are granted at an exercise price, which is either equal to the fair market price of the underlying equity shares, or at a premium, or at a discount to market price as may be determined by the Compensation Committee of the Board of the Company.

During the financial year, the Compensation Committee of the Board has granted stock options under Series 6, to the Employees that will vest in a graded manner, which are to be exercised within a specified period. The Committee has granted 36,45,774 options (previous year 73,02,669 options) at an exercise price of ₹1/- per option to the Employees.

The details of options are as under:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Outstanding at the beginning of the year	2,70,52,907	2,21,49,273
Add: Granted during the year	36,45,774	73,02,669
Less: Exercised and allotted during the year	37,28,835	17,45,162
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	17,91,833	6,53,873
Outstanding at the end of the year	2,51,78,013	2,70,52,907
Exercisable at the end of the year	1,36,35,863	80,74,281

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted in Series 6 and 5 is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs were the share price at respective grant date, exercise price of ₹1/-, volatility of 54.64% to 58.06% (previous year 60.04% to 61.90%), dividend yield of 2.16% (previous year 1.48%), expected term of options in the range of 4 years to 5 years (previous year 4 years to 5 years), and a risk-free interest rate of 7.53% to 7.60% (previous year 8.36% to 8.37%).

Notes (contd.)

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	12,15,258	24,34,223	May 6, 2014	April 16, 2013	15.64	13.57
33.33%	12,15,258	24,34,223	May 6, 2015	April 16, 2014	15.49	13.50
33.33%	12,15,258	24,34,223	May 6, 2016	April 16, 2015	15.35	13.42
	36,45,774	**73,02,669**				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹10.36 Crore (previous year ₹9.76 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been increased by ₹0.56 Crore (previous year ₹0.53 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Net profit(₹ in Crore)	209.53	182.92	210.09	183.45
Basic earnings per share (in ₹)	2.78	2.44	2.78	2.44
Diluted earnings per share (in ₹)	2.72	2.43	2.73	2.43

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	16/04/2012	06/05/2013
Options granted	1,11,37,500	15,00,000	37,50,000	75,00,000	73,02,669	36,45,774
Options exercised till March 31, 2014	Nil	Nil	Nil	36,82,651	17,91,346	Nil
Options forfeited/ cancelled till March 31, 2014	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2014	1,12,500	15,00,000	10,00,000	7,33,908	5,42,073	2,95,452
Outstanding at end of year	1,10,25,000	Nil	27,50,000	30,83,441	49,69,250	33,50,322
Exercisable at end of year	1,10,25,000	Nil	9,16,667	10,09,586	6,84,610	Nil
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	₹1.00	₹1.00
Pricing formula	₹54.80 (Adjusted for split & bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split & bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1.00 as was determined by the Compensation Committee at its meeting held on April 21, 2011	₹1.00 as was determined by the Compensation Committee at its meeting held on April 16, 2012	₹1.00 as was determined by the Compensation Committee at its meeting held on May 6, 2013

Notes (contd.)

2.33 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Net consolidated Profit (₹ in Crore)	209.53	182.92
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	75,44,54,509	75,10,60,787
Basic earnings per share (in ₹)	2.78	2.44
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	76,90,77,829	75,35,74,503
Diluted earnings per share (in ₹)	2.72	2.43

2.34 LEASE TRANSACTION

Finance lease

The Group has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 60 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

	Total minimum lease payment outstanding as at March 31, 2014	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2014	Total minimum lease payment outstanding as at March 31, 2013	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2013
Not later than 1 year	1.60	0.45	1.15	1.45	0.43	1.02
Later than 1 year but not later than 5 years	2.02	0.36	1.66	1.83	0.39	1.44
Later than 5 years	–	–	–	–	–	–
Total	**3.62**	**0.81**	**2.81**	**3.28**	**0.82**	**2.46**

Operating lease

i. The Group had taken assets under operating lease for the periods ranging between 22 months and 42 months. The same were non-cancellable for an initial period ranging between 11 months and 24 months.

The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Crore)

	Total lease payment outstandings as at March 31, 2014	Total lease payment outstanding as at March 31, 2013
Not later than 1 year	3.63	11.57
Later than 1 year but not later than 5 years	3.53	2.60
Later than 5 years	–	–
Expenditure debited to the statement of profit and loss	14.39	10.76

ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹9.24 Crore (previous year ₹10.32 Crore).

2.35 SEGMENTAL REPORTING

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks and High Networth Individuals (HNIs), offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/HNIs through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities / commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure 'I'.

II. Geographical segment

The Group does not have any reportable geographical segment.

2.36 Disclosure in respect of related parties is attached as Annexure 'II'.

2.37 Statement of consolidated cash flow is attached as Annexure 'III'.

2.38 The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

2.39 Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year's lassification/disclosures.

Notes (contd.)

ANNEXURE 'I' TO NOTE 2.35

Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

		For the year ended 31.03.2014	For the year ended 31.03.2013
Segment revenue			
A	Investment banking and securities business	407.89	429.05
B	Fund based activities	529.19	551.75
C	Alternative asset management	30.41	27.36
D	Asset management	26.55	28.89
E	Others	116.88	61.09
Total segment revenue		**1,110.92**	**1,098.14**
Less: Inter - segmental revenue		(104.25)	(55.91)
Total revenue		**1,006.67**	**1,042.23**
Segment results			
A	Investment banking and securities business	45.16	47.36
B	Fund based activities	199.51	182.53
C	Alternative asset management	18.76	16.30
D	Asset management	3.83	2.23
E	Others	12.90	5.51
Total segment results		**280.16**	**253.93**
		As at 31.03.2014	**As at 31.03.2013**
Segment assets			
A	Investment banking and securities business	874.56	1,551.03
B	Fund based activities	4,081.89	4,640.36
C	Alternative asset management	108.25	152.17
D	Asset management	127.47	122.32
E	Unallocated	632.62	386.63
Total segment assets		**5,824.79**	**6,852.51**
Segment liabilities			
A	Investment banking and securities business	313.54	863.99
B	Fund based activities	3,018.92	3,688.47
C	Alternative asset management	18.03	11.36
D	Asset management	7.25	6.79
E	Unallocated	210.21	155.57
Total segment liabilities		**3,567.95**	**4,726.18**

(₹ in Crore)

		For the year ended 31.03.2014	For the year ended 31.03.2013
Capital expenditure incurred during the year			
A	Investment banking and securities business	9.36	6.72
B	Fund based activities	2.54	2.34
C	Alternative asset management	0.00	0.08
D	Asset management	0.18	0.09
E	Unallocated	32.13	0.35
Total capital expenditure		**44.21**	**9.58**
Depreciation/amortisation for the year			
A	Investment banking and securities business	7.73	9.17
B	Fund based activities	1.26	0.83
C	Alternative asset management	0.36	0.66
D	Asset management	0.97	1.24
E	Unallocated	4.92	0.26
Total depreciation/amortisation		**15.24**	**12.16**

Notes (contd.)

ANNEXURE 'I' TO NOTE 2.36

Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure

I. List of related parties

Parties (other than where control exists) with whom the Company/subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)

JM Financial Trustee Company Private Limited (Trustee)

CR Retail Malls (India) Limited (CRRM) (up to June 30, 2013)

B Key management personnel

Mr. Nimesh Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N Kampani (ARNK)

Mr. Vishal Kampani (VNK)

Ms. Amishi Kampani (AMNK)

D Enterprise over which key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)

J.M. Assets Management Private Limited (JM Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

FICS Consultancy Services Limited (FICS) (up to March 27, 2014)

Kampani Properties & Holdings Limited (KPHL)

Financial Engineering Solutions Private Limited (FES)

Capital Market Publishers India Private Limited (CMPL)

II. Related party relationships have been identified by the management and relied upon by the auditors.

ANNEXURE 'II' TO NOTE 2.36 (CONTD.)

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
ICD placed with										
CRRM	–	10.00	–	–	–	–	–	–	–	10.00
FICS	–	–	–	–	–	–	87.50	–	87.50	–
ARC	50.00	–	–	–	–	–	–	–	50.00	–
ICD repaid by										
CRRM	–	12.94	–	–	–	–	–	–	–	12.94
Security deposit received back										
JMFICS	–	–	–	–	–	–	6.48	–	6.48	–
KCL	–	–	–	–	–	–	1.20	–	1.20	–
Investments Purchased/ Transferred from										
JMFICS	–	–	–	–	–	–	10.00	–	10.00	–
Sale of fixed assets to										
ARC	–	#	–	–	–	–	–	–	–	#
Employee related transfers to										
Trustee	–	0.04	–	–	–	–	–	–	–	0.04
FES	–	–	–	–	–	–	–	0.04	–	0.04
JMFICS	–	–	–	–	–	–	0.01	#	0.01	#
ARC	–	#	–	–	–	–	–	–	–	#
Staff loan balance transfer										
JMFICS	–	–	–	–	–	–	0.02	–	0.02	–
Interest income on ICD from										
CRRM	0.50	2.18	–	–	–	–	–	–	0.50	2.18
ARC	0.06	–	–	–	–	–	–	–	0.06	–
Secondary brokerage received from										
JMFICS	–	–	–	–	–	–	0.10	0.05	0.10	0.05
KCL	–	–	–	–	–	–	#	0.01	#	0.01
PICPL	–	–	–	–	–	–	#	0.01	#	0.01
Trustee	#	0.02	–	–	–	–	–	–	#	0.02
Others	–	–	–	#	–	#	0.03	0.08	0.03	0.08

# Denotes amount below ₹50,000/ –

Notes (contd.)

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Recovery of expenses from										
Trustee	0.28	0.57	–	–	–	–	–	–	0.28	0.57
JMFICS	–	–	–	–	–	–	#	#	#	#
Reimbursement of expenses to										
JMFICS	–	–	–	–	–	–	0.23	0.49	0.23	0.49
KCL	–	–	–	–	–	–	0.01	–	0.01	–
CMPL	–	–	–	–	–	–	0.01	–	0.01	–
Remuneration paid to										
NNK	–	–	3.94	1.31	–	–	–	–	3.94	1.31
VNK	–	–	–	–	7.01	5.33	–	–	7.01	5.33
AMNK	–	–	–	–	0.46	0.16	–	–	0.46	0.16
Dividend paid to										
Trustee	0.28	0.55	–	–	–	–	–	–	0.28	0.55
JMFICS	–	–	–	–	–	–	19.32	20.34	19.32	20.34
J.M. Assets	–	–	–	–	–	–	9.44	9.68	9.44	9.68
JSB	–	–	–	–	–	–	0.62	0.65	0.62	0.65
PICPL	–	–	–	–	–	–	0.16	0.17	0.16	0.17
KCL	–	–	–	–	–	–	0.07	0.07	0.07	0.07
SNK	–	–	–	–	–	–	1.11	1.17	1.11	1.17
NNK	–	–	12.86	13.54	–	–	–	–	12.86	13.54
ARNK	–	–	–	–	3.65	3.85	–	–	3.65	3.85
VNK	–	–	–	–	0.93	0.98	–	–	0.93	0.98
AMNK	–	–	–	–	0.76	0.80	–	–	0.76	0.80
Interest received from										
FICS	–	–	–	–	–	–	2.90	–	2.90	–
Rent paid to										
JMFICS	–	–	–	–	–	–	1.94	2.53	1.94	2.53
KPHL	–	–	–	–	–	–	0.05	0.05	0.05	0.05
KCL	–	–	–	–	–	–	0.34	0.36	0.34	0.36

# Denotes amount below ₹50,000/–

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which key Management Personnel is able to exercise significant influence		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Rates and Taxes paid/reimbursed										
JMFICS	–	–	–	–	–	–	–	0.01	–	0.01
Repairs and maintenance expenses paid/reimbursed										
JMFICS	–	–	–	–	–	–	–	#	–	#
Subscription charges paid/reimbursed										
CMPL	–	–	–	–	–	–	0.02	0.02	0.02	0.02
Support service fees paid to										
JMFICS	–	–	–	–	–	–	0.74	0.74	0.74	0.74
Demat charges received from										
Others	–	–	–	#	–	#	#	#	#	#
Balance outstanding at the year end										
Investment in										
ARC	102.90	102.90	–	–	–	–	–	–	102.90	102.90
Trustee	0.03	0.03	–	–	–	–	–	–	0.03	0.03
CRRM	–	41.15	–	–	–	–	–	–	–	41.15
Receivables from										
CRRM	–	16.75	–	–	–	–	–	–	–	16.75
JMFICS	–	–	–	–	–	–	9.55	6.86	9.55	6.86
ARC	50.05	–	–	–	–	–	–	–	50.05	–
NNK	–	–	–	#	–	–	–	–	–	#
KCL	–	–	–	–	–	–	–	1.20	–	1.20
KPHL	–	–	–	–	–	–	1.50	1.50	1.50	1.50
Payables to										
NNK	–	–	2.45	–	–	–	–	–	2.45	–
VNK	–	–	–	–	5.50	4.00	–	–	5.50	4.00
AMNK	–	–	–	–	0.25	0.05	–	–	0.25	0.05

# Denotes amount below ₹50,000/ –

Notes (contd.)

ANNEXURE 'III' TO NOTE 2.37

Statement of Consolidated Cash Flow for the year ended March 31, 2014

(₹ in Crore)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A Cash flow from operating activities		
Profit before tax	**280.16**	**253.93**
Adjustment for :		
Depreciation and amortization expense	15.24	12.16
Amortisation of deferred employee compensation (ESOP)	11.13	10.29
Provision for gratuity	0.92	2.28
Provision for compensated absences	0.52	0.05
Provision for clawback obligation	2.10	3.22
Provision for bad & doubtful debts and assets written off	17.03	2.44
Provision for diminution in value of investments (net)	0.42	-
Loss on sale of fixed assets	1.33	0.22
Profit on sale of investments	(32.09)	(30.64)
Dividend income	(9.58)	(21.37)
Interest income	(92.46)	(129.56)
Finance costs	307.83	376.92
Operating profit before working capital changes	**502.55**	**479.94**
Adjustment for:		
(Increase)/decrease in trade receivables	(31.26)	(25.05)
(Increase)/decrease in short term loans and advances	517.70	(477.23)
(Increase)/decrease in long term loans and advances	(448.53)	(533.59)
(Increase)/decrease in securities held as stock in trade	63.55	161.89
(Increase)/decrease in assets held for arbitrage activities	502.37	(309.00)
(Increase)/decrease in other current assets	5.33	(3.51)
Increase/(decrease) in trade payables	51.72	68.87
Increase/(decrease) in other current liabilities	(2.26)	306.34
Increase/(decrease) in long term provisions	(0.09)	1.64
Increase/(decrease) in short term provisions	(1.03)	(1.63)
Increase/(decrease) in other long term liabilities	3.00	(0.10)
Cash generated from/(used in) operations	**1,163.05**	**(331.43)**
Direct taxes paid	(105.26)	(70.59)
Net cash from/(used in) operating activities	**1,057.79**	**(402.02)**

(₹ in Crore)

		For the year ended March 31, 2014	For the year ended March 31, 2013
B	**Cash flow from investing activities**		
	Purchase of investments	(21.60)	(73.25)
	Sale of investments	120.98	125.70
	Purchase of fixed assets	(113.11)	(9.56)
	Sale of fixed assets	0.20	0.42
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	493.54	(28.51)
	Currency fluctuation	2.49	1.57
	Interest income	92.46	129.56
	Dividend income	9.58	21.37
	Net cash from investing activities	**584.54**	**167.30**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity share (including premium) on exercise of options	0.38	0.17
	Proceeds from issue of Warrants	11.09	–
	Proceeds from issue of equity share (including premium) to minority shareholders	1.76	0.34
	Proceeds from borrowings (net)	(1,209.12)	724.09
	Finance costs paid	(307.83)	(376.92)
	Dividend paid (including dividend distribution tax)	(90.28)	(92.07)
	Net cash from/(used in) financing activities	**(1,594.00)**	**255.61**
	Net increase in cash and cash equivalents	**48.33**	**20.89**
	Cash and cash equivalents - opening	359.05	338.16
	Cash and cash equivalents - closing	407.38	359.05
Notes:			
i	The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii	Cash and bank balances as per note 2.21	974.18	1,419.40
	Less: Bank balance comprising cash in deposit accounts with original maturity of more than 3 months(as defined in AS 3 –"Cash Flow Statement")	566.80	1,060.35
	Cash & cash equivalents as shown in Cash Flow Statement	**407.38**	**359.05**
iii	Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date
For and on behalf of
Khimji Kunverji & Co.
Chartered Accountants
Registration No. 105146W

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 6, 2014

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Notes

A look at the year gone by

A Ventilator, donated by the JM Financial Foundation, at Wadia hospital

Mr. Bhavesh Shah, MD - Investment Banking speaking at the VC Circle Consumer & Retail Investment Summit

Excursion to the Nehru planetarium for students of the Wavloli Ashram school

Mr. Manish Sheth, CFO - JM Finanical Ltd speaking at the PWC India Tax Symposium

Mr. Ronnie Screwvala addressing the JM Financial India Conference 2013

Ms. Dipti Neelakantan, Group COO - JM Financial at the CII 9th International Corporate Governance Summit

An offsite of JM Financial

Mr. Nimesh Kampani, Chairman - JM Financial Group, participating in the CII National Conference and Annual Session 2014

Mr. Rajeev Chitrabhanu, MD & CEO Investment Advisory & Distribution, speaking at the Franchise India conference

JM FINANCIAL

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