BOARD OF DIRECTORS

Mr. Nimesh N Kampani — Chairman

Mr. M R Mondkar

Mr. Ashith N Kampani

Mr. E A Kshirsagar

Mr. Anant V Setalvad (Resigned w.e.f. from October 29, 2004)

REGISTERED OFFICE

141, Maker Chambers - III
Nariman Point
Mumbai - 400 021

BANKERS

HDFC Bank Limited
Tulsiani Chambers
Nariman Point
Mumbai - 400 021

AUDITORS

M/s. Khimji Kunverji & Co
Chartered Accountants
Mumbai

SOLICITORS

M/s. Udwadia & Udeshi (Regd.)
Mumbai

REGISTRARS AND SHARE TRANSFER AGENTS

M/s. Sharepro Services
Satam Estate, 3rd Floor
Above Bank of Baroda
Chakala, Andheri (East)
Mumbai - 400 099

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED (FORMERLY KNOWN AS J. M. SHARE & STOCK BROKERS LIMITED) WILL BE HELD ON WEDNESDAY, JULY 6, 2005 AT 3.30 P.M. AT KAMALNAYAN BAJAJ HALL, BAJAJ BHAVAN, GROUND FLOOR, 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, 2005, the Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Nimesh N Kampani, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the Statutory Auditors and authorise the Board to fix their remuneration.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Article 120(3)(ii) of the Articles of Association of the Company, authority be and is hereby accorded for the payment of commission to the Directors of the Company, of up to 3% (three per cent) per annum of the net profits of the Company calculated in accordance with the provisions of Sections 349 and 350 of the Act, over a period of five years commencing from the ensuing financial year 2005-06 up to and including the financial year 2009-10, which is to be divided between the Directors in such a manner as the Board of Directors may from time to time determine."

By Order of the Board

NIMESH N KAMPANI
Chairman

Date: May 4, 2005

Registered Office:
141, Maker Chambers III
Nariman Point
Mumbai 400 021

NOTES:

a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
b. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item no. 5 set out above is annexed.
c. The Register of Members of the Company will remain closed from Tuesday, June 28, 2005 to Wednesday, July 6, 2005 (both days inclusive).
d. Members while corresponding with the Company or its Registrars & Share Transfer Agents viz.,

M/s. Sharepro Services, are requested to quote their respective Folio Nos. or Client IDs.

e. As you may be aware, the Company has made necessary arrangements for the members to hold their shares in electronic mode. Those members who are holding shares in physical form are requested to dematerialise the same by approaching any of the Depository Participants registered with SEBI.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

In respect of Item No. 5

Taking into consideration the increased role of Directors in the emerging competitive environment and their added responsibilities, it is proposed to pay to the Directors, a commission of up to 3% (three per cent) per annum of the net profits of the Company for each of the five financial years commencing from 1st April, 2005. The provisions of Section 309 of the Companies Act, 1956 ("the Act") requires every public company to pass a Special Resolution at a General Meeting of the members for paying such commission to the Directors. Further, the commission to be paid as above would be required to be computed in accordance with the provisions of Sections 349 and 350 of the Act. It is also proposed to give authority to the Board of Directors to determine the quantum of commission to be thus paid to the Directors from time to time within the above limits.

In view of the above, your Directors recommend passing of the Special Resolution proposed at item no. 5 of the accompanying notice.

All the Directors may be deemed to be concerned or interested in the resolution at item no. 5 of the Notice to the extent of the commission that may be received by them.

By Order of the Board

NIMESH N KAMPANI
Chairman

Date: May 4, 2005

Registered Office:
141, Maker Chambers III
Nariman Point
Mumbai 400 021

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twentieth Annual Report of the Company together with the Audited Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS :

	For the year ended March 31, 2005 (Rs. in Lacs)	March 31, 2004 (Rs. in Lacs)
Gross Income	**1372.17**	428.83
Profit before Depreciation, Diminution in value of Investments and Tax	**1348.24**	402.09
Depreciation	**1.77**	1.77
Provision for Diminution in the value of Investments	**400.00**	140.00
Profit before Tax	**946.47**	260.32
Provision for Current Tax	**0.25**	-
Deferred Tax adjustment	**(1.37)**	(0.64)
Profit after Tax	**947.59**	260.96
Balance Profit brought forward from previous year	**216.66**	178.73
Profit available for Appropriation	**1164.25**	439.69
APPROPRIATIONS		
Proposed Dividend (subject to dividend tax)	**283.13**	179.97
Dividend Tax	**39.71**	23.06
General Reserve	**100.00**	20.00
Balance carried to Balance Sheet	**741.41**	216.66
	1164.25	439.69

DIVIDEND:

Enthused by the performance of your Company, the Directors are pleased to recommend a higher dividend of 25% (Rs. 2.50 per share) subject to dividend tax (Previous year 16%) for the year ended March 31, 2005. The dividend, if declared, at the ensuing Annual General Meeting, will be paid to those members whose names appear in the Register of Members on June 28, 2005. The payment of dividend together with tax thereon will absorb Rs. 322.84 lacs.

PERFORMANCE HIGHLIGHTS:

As can be observed from the financial results, your Company has earned a Gross Income of Rs.1372.17 lacs (Previous year - Rs. 428.83 lacs), which includes a dividend income of Rs. 1344.66 lacs. Out of the said dividend income, your Company received an aggregate sum of Rs. 1323 lacs from JM Morgan Stanley Securities Private Limited, which comprised of two dividends viz., a final dividend of Rs.7/- per share for the year 2003-04 and an interim dividend of Rs. 20/- per share for the year 2004-05. While the profit before depreciation and provisions stood at Rs.1348.24 lacs (Previous year - Rs. 402.09 lacs), the net profit after provisions and tax amounted to Rs. 947.59 lacs (Previous year - Rs. 260.96 lacs).

CHANGE OF NAME:

The name of your Company has been changed from J. M. Share & Stock Brokers Limited to JM Financial Limited with effect from September 15, 2004 consequent upon the approval received from the Central Government pursuant to Section 21 of the Companies Act, 1956.

FIXED DEPOSITS:

Your Company has not accepted any deposits from the shareholders/public during the year under review.

COMPLIANCE CERTIFICATE FROM THE AUDITORS:

Your Company has obtained a certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 (VIII) of the Listing Agreement, which along with the Corporate

Governance Report is set out as an annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of your Company confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of 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;
- they have prepared the annual accounts on a going concern basis.

DIRECTORS:

In accordance with Article 130 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, Mr. Nimesh N Kampani, a director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment. Accordingly, an ordinary resolution reappointing him as a director of the Company forms part of the Notice convening the Annual General Meeting.

Mr. Anant V Setalvad, who was appointed on May 10, 2004 as a Director of the Company to fill in the casual vacancy caused by the resignation of Mr. Arunkumar R Gandhi, tendered his resignation from the directorship of the Company vide his letter dated October 29, 2004. The Board placed on record its sincere appreciation for the valuable contribution made by Mr. Setalvad during his short tenure as a director of the Company.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

The particulars as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 on Conservation of Energy and Technology Absorption are not applicable to your Company. Your Company has neither earned nor spent any amount in foreign exchange during the year under review.

AUDITORS:

The retiring Auditors, namely, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the ensuing Annual General Meeting and are seeking their reappointment. Members are requested to consider their appointment and authorise the Board to fix their remuneration for the year 2005-06.

PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 and the rules made there under is not required to be furnished as your Company did not have any employee during the year under review.

ACKNOWLEDGEMENT:

Your Directors wish to thank the shareholders for their continued and unstinted support. Additionally, the Directors also wish to place on record their sincere appreciation for the confidence reposed by them in the Company.

On Behalf of the Board of Directors

NIMESH N KAMPANI
Chairman

Date: May 4, 2005

Registered Office:
141, Maker Chambers - III
Nariman Point
Mumbai 400 021

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2004-05

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its activities, processes and its interaction with shareholders. Its our commitment to continue to provide the best services and also instil pride among our stakeholders.

Your Company considers Corporate Governance as a systematic process which is directed and controlled to enhance its wealth generating capacity. We believe that the governance process should ensure that the Company is managed in a manner that meets stakeholders aspirations. The management strives to drive the Company in a direction whereby it will achieve its predetermined objectives and goals as well as increase the long term value of its shareholders. The management acts in the best interests of the Company and remains accountable to its shareholders and shall continue to do so in future.

II. BOARD OF DIRECTORS

a. Composition of the Board:

The present Board comprises of four Directors, all of them being Non-Executive Directors and hence the Company meets with the requirement of clause 49 of the Listing Agreement. The Company has a Non-Executive Chairman and the number of Independent Directors on the Board is more than one-third of the total number of Directors.

The Directors of the Company, with their multidisciplinary approach, diverse knowledge, experience and expertise, provide valuable contribution in the deliberations and decisions of the Board. Apart from the sitting fees paid for attending the Board/Committee Meetings, the Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company, which may have a bearing on their independent judgement.

b. Board Meetings and Attendance:

During the year under review, the Board of Directors met six times on the following dates:

May 10, 2004,	May 28, 2004,	July 21, 2004,
August 2, 2004,	October 19, 2004,	January 31, 2005.

The interval between two Board Meetings did not exceed 4 months period as stipulated under the above clause 49. The Board, on a need based basis, reviews the actions and decisions taken by it and the Audit Committee.

The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and also at the last Annual General Meeting, the number of Directorships and Committee Memberships held by them as at March 31, 2005 are given below:

Name of the Directors	Category	No. of Board Meetings attended during the year 2004-05	Whether attended the last AGM held on August 2, 2004	No. of Directorships in other companies		No. of Committee Memberships held in other public companies*	
				Public	Private	Chairman	Member
Mr. Nimesh N Kampani	Non Executive Chairman	6	Yes	8	7	3	6
Mr. M R Mondkar	Independent and Non Executive Director	6	Yes	—	1	—	—
Mr. Ashith N Kampani	Independent and Non Executive Director	5	Yes	—	1	—	—
Mr. Anant V Setalvad #	Independent and Non Executive Director	2	No	NA	NA	NA	NA
Mr. E A Kshirsagar	Independent and Non Executive Director	4	Yes	3	1	3	5

* The Committees considered for the purpose of arriving at the above numbers are Audit, Remuneration and Shareholders' Grievance Committees.

\# Tendered resignation on October 29, 2004.

None of the Directors on the Board hold directorship in more than 15 public companies and no Director is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in clause 49), across all the public companies of which he is a Director.

Particulars of a Director retiring by rotation at the ensuing Annual General Meeting:

Mr. Nimesh N Kampani, Chairman of the Company, retires by rotation at the ensuing Annual General Meeting and offers himself for reappointment. Mr. Kampani holds a Bachelors degree in Commerce and is also a qualified Chartered Accountant. He is a well known Investment Banker and has over the past 31 years built a strong domestic franchise by establishing the JM Financial Group in India through the promotion of J. M. Financial & Investment Consultancy Services Private Limited in 1973. He has also established the group's presence in the Asset Management Industry through the promotion of JM Financial Mutual Fund. He has been associated with your Company since its incorporation. He has wide and varied experience in investment banking, securities and asset management businesses.

JM Financial Group, headed by Mr. Kampani, set up a joint venture with Morgan Stanley in India in 1999, inter alia, to carry on the business of Investment Banking, Institutional Securities and Retail Sales and Distribution through various entities. Mr. Kampani is currently the Chairman and Managing Director of JM Morgan Stanley Private Limited, the Investment Banking Company and the Chairman of other entities belonging to JM Morgan Stanley Group. Additionally, Mr. Kampani holds Directorship and Committee Chairmanship/Membership of the following public companies:

Name of the Public Companies in which Directorship held	Committee Chairmanship/Membership
Apollo Tyres Limited	
Britannia Industries Limited	Audit Committee (Chairman) Investors' Grievance Committee (Member)
Deepak Nitrite Limited	
Escorts Limited	
Gujarat Ambuja Cements Limited	Audit Committee (Chairman) Remuneration/Compensation Committee (Member)
KSB Pumps Limited	Audit Committee (Chairman)
Kampani Consultants Limited (Chairman)	
Ranbaxy Laboratories Limited	Remuneration/Compensation Committee (Member)

III. COMMITTEE OF DIRECTORS

a. Audit Committee:

The Audit Committee, at present, comprises of three Non-Executive cum Independent Directors, viz., Mr. M R Mondkar-Chairman, Mr. E A Kshirsagar and Mr. Ashith N Kampani. The members of the Committee are well versed in finance, accounts, legal matters and general business practices. The Minutes of the Audit Committee Meetings are circulated and noted at the Board Meetings.

The Audit Committee provides direction to the audit and risk management functions of the Company and monitors the quality of external audit. The broad terms of reference of the Audit Committee includes overseeing the Company's financial reporting process to ensure proper disclosure in the financial statements, recommending the appointment or removal of statutory auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, any changes in accounting policies and practices, major accounting entries, qualifications in the draft audit report, if any, review of any significant adjustments arising out of audit, the going concern assumption, deliberations on the accounting policies, stock exchange and legal requirements concerning financial statements, related party transactions that may have potential conflict of interest, review of adequacy of internal control systems, review of the findings and observations of internal investigations, discussion with the statutory auditors on any significant findings and follow up on such issues to ascertain any area of concern, reviewing the Company's financial and risk management policies and looking into reasons of substantial defaults, if any, for non-payment to shareholders, creditors, etc.

The Committee met four times on May 10, 2004, July 21, 2004, October 19, 2004 and January 31, 2005. The number of meetings attended by each member of the Audit Committee is given below:

Sr. No.	Name	Category	Number of Meetings Attended
1.	Mr. M R Mondkar	Non-Executive & Independent Director	4
2.	Mr. Nimesh N Kampani *	Non-Executive Director	2
3.	Mr. E A Kshirsagar #	Non-Executive & Independent Director	2
4.	Mr. Ashith N Kampani	Non-Executive & Independent Director	4

* Ceased to be member of the Committee w.e.f. July 21, 2004

Appointed a member of the Committee w.e.f. July 21, 2004

b. Shareholders'/Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee comprises of two Non-Executive Directors - Mr. M R Mondkar - Chairman and Mr. Ashith N Kampani. The Shareholders'/Investors' Grievance Committee looks into the redressal of the complaints of shareholders and investors, if any. The Company had received 87 complaints during the financial year 2004-05 and the same have been suitably dealt with. No complaints were pending as of March 31, 2005.

Mr. P K Choksi was named as the Compliance Officer for monitoring the share transfer process and other related matters.

c. Remuneration Committee:

As there are no Executive Directors, the Board did not consider it necessary to have a Remuneration Committee. The Non-Executive Directors are paid sitting fees for attending each Meeting of the Board and Committees thereof. The sitting fees for attending the Board Meetings were increased from Rs.2000/- to Rs.5000/- and the Audit Committee Meetings were increased from Rs.1000/- to Rs.3000/-, by the Board at its Meeting held on May 10, 2004. The details of the sitting fees paid to the Directors during the financial year 2004-05 are given below:

Name of the Director/Member	Sitting Fees paid during the year 2004-05 (in Rupees)	
	Board Meeting	Audit Committee Meeting
Mr. Nimesh N Kampani	27000	4000
Mr. M R Mondkar	27000	10000
Mr. Ashith N Kampani	22000	10000
Mr. Anant V Setalvad	10000	NA
Mr. E A Kshirsagar	20000	6000

IV. GENERAL BODY MEETINGS

The last three Annual General Meetings were held at Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai. The details of the said meetings including the type of resolutions(s) passed are mentioned below:

Date	Time	Type of Resolution	Voting Pattern
August 30, 2002	3.30 p.m.	—	—
September 10, 2003	3.30 p.m.	—	—
August 2, 2004	3.30 p.m.	Special	Show of hands

During the financial year 2004–05, Special Resolutions were passed by Postal Ballot for alteration of the object clause of the Memorandum of Association and Inter-Corporate Loans and Investments pursuant to Sections 17 and 372A, respectively, of the Companies Act, 1956. The Scrutiniser examined and verified the Postal Ballot forms received from the shareholders and a report to that effect was given to the Chairman, who in turn, declared the result of the Postal Ballot at the Nineteenth Annual General Meeting of the members of the Company held on August 2, 2004.

V. MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

The Financial Year 2004-05 was a good year as far as the Indian Capital Market is concerned. Barring the fall of May 17, 2004, the equity markets saw a steady rise throughout the year. The buoyancy in secondary market led to increased activities in the initial public offerings by corporates. The Foreign Institutional Investors (FIIs) continued to pump additional funds in the Indian Equity Markets and their investments hit a record level. The BSE Sensex at the end of the calendar year 2004 touched around 6600 levels. The new Government announced encouraging measures for the capital market such as removal of tax on long term capital gains and reduction of tax rate on the short term capital gains. These steps gave a further boost to the investment activities in the Indian capital market.

Opportunities and Threats:

Being a Securities Company, there are many opportunities in the market place considering the sustained growth in the economy of the country and foreign countries having a positive outlook on India. In the recent past, India has become one of the most attractive markets for investments. This would lead to lots of foreign funds coming to Indian Markets, which would throw up many business opportunities. Since the nature of the Company's business is cyclical, it involves various risks arising out of the volatility. The major threat to the business of the Company is the change and development taking place on fundamental, political and technical fronts. Depending upon the business cycle, your Company's business goes up and down.

Segment-wise or Product-wise performance:

The Company is mainly engaged in securities activities, which is considered to be the only business segment. The geographical segments are not applicable to your Company.

Outlook:

During the year under review, the Company, consequent upon the change in its name, has also changed its main object clause. The Company continues to hold 49% equity stake in JM Morgan Stanley Securities Private Limited(hereinafter referred to as "JM Morgan Stanley"). Since the stock market was upbeat for most part of the year, JM Morgan Stanley has shown improved performance during the same period. Considering the better performance for the year 2004-05, the Board of JM Morgan Stanley declared an interim dividend of Rs. 20/- per share in March 2005, in addition to the final dividend of Rs. 7/- per share for the year 2003-04. The Company has received the dividend, which is reflected in its income during the year under review. The declaration of an interim dividend was on account of healthy performance of JM Morgan Stanley during the year 2004-05. The quantum of such dividend by JM Morgan Stanley would generally depend on their ongoing performance and may or may not recur.

Risk and Concerns:

The Company is engaged in securities activities which are contingent upon market conditions, economic factors and political stability. The Company is not exposed to any such risks that can be specifically categorised as business operations risk.

Internal Control Systems and their adequacy:

Most of the activities of the Company are outsourced and the existing systems are adequate to take care of adverse eventualities, if any. The main source of income of the Company is through dividend from JM Morgan Stanley. At the moment, there are no other direct business activities and the current internal control and processes are adequate.

Financial Performance:

The Company has earned a Gross Income of Rs.1372.17 lacs during the year under review as against Rs. 428.83 lacs earned in the previous year. The profit before depreciation and provisions is Rs.1348.24 lacs as against Rs. 402.09 lacs recorded in the previous year, after accounting for expenses of Rs. 23.93 lacs (previous year – Rs. 26.74 lacs). The net profit recorded by the Company for the year is Rs.947.59 lacs as against Rs. 260.96 lacs in the previous year. The higher income during the year under review is attributable to the higher dividend income earned by the Company from JM Morgan Stanley.

Human Resources:

Since the activities of the Company are outsourced on a need based basis, the Company did not have any employee during the year under review.

VI. DISCLOSURES

There are no materially significant transactions with related parties i.e., promoters, directors, or their relatives and subsidiaries, which have any conflict of interest vis-à-vis the Company. The Related Party Disclosures form part of the Annual Report and is indicated at item no. 10 in the Notes to Accounts.

There have been no instances of non-compliance with the Stock Exchange Listing Agreement or Regulations and/or SEBI Regulations as are applicable to your Company, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any other statutory authority for any violation relating to the Capital Market, during the last three years.

In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a firm of practising Company Secretaries to confirm that the aggregate number of equity shares of the Company held in NSDL and CDSL and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.

VII. MEANS OF COMMUNICATION

The Quarterly and Half Yearly Results of your Company were published in Free Press Journal (English Newspaper) and in Navshakti (Marathi Newspaper-Regional Language), except that the fourth quarter results, were published in Financial Express (English Newspaper).

As per the requirements of clause 51 of the Listing Agreement, all the data related to quarterly financial results, shareholding pattern, annual report, etc. are uploaded on the website, www.sebiedifar.nic.in.

VIII. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting:

Date and Time	:	July 6, 2005 at 3.30 p.m.
Venue	:	Kamalnayan Bajaj Hall, Bajaj Bhavan Nariman Point, Mumbai 400 021
Financial Year	:	1st April to 31st March
Date of Book Closure	:	June 28, 2005 to July 6, 2005 (both days inclusive)
Dividend Payment Date	:	July 9, 2005
Listing on Stock Exchanges	:	The Stock Exchange, Mumbai (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001

The Company has paid the Annual Listing fees to the BSE for the Financial Year 2005-06.

Stock Code:

The Stock Exchange, Mumbai	:	523405
ISIN number for NSDL and CDSL	:	INE780C01015

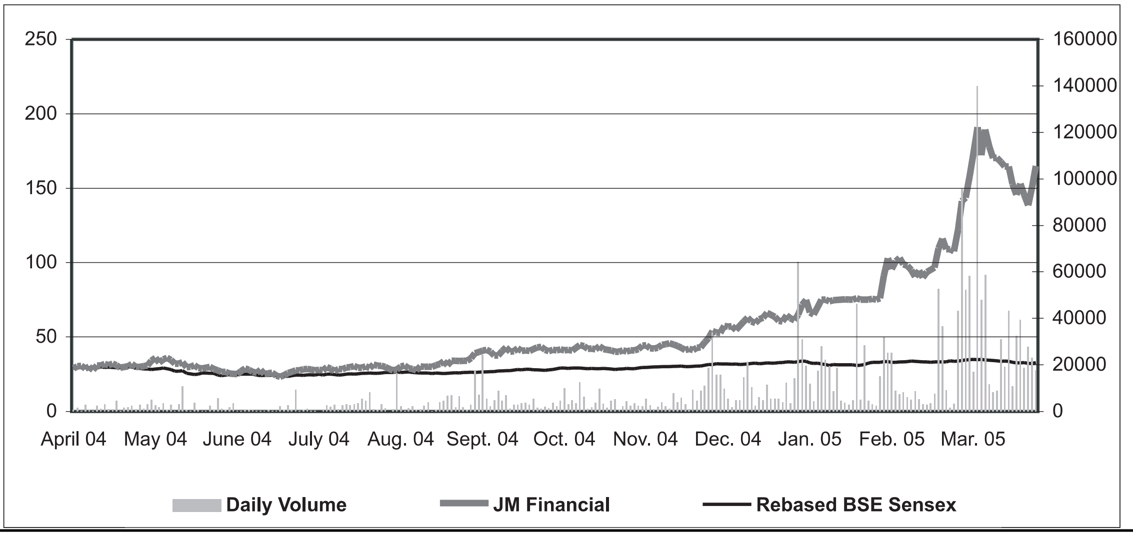
Market Price Information:

Details about monthly opening, high, low and closing prices and volume of shares of your Company traded on The Stock Exchange, Mumbai (BSE) are given below :

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April 2004	28.00	32.20	27.60	30.90	33698
May 2004	30.90	36.90	23.05	26.50	70708
June 2004	25.25	29.90	23.30	28.30	27196
July 2004	27.50	31.95	25.00	30.00	49899
August 2004	30.00	36.00	26.50	34.00	65638
September 2004	34.00	44.40	33.80	41.50	119125
October 2004	41.25	45.00	38.05	41.00	87595
November 2004	41.00	51.30	40.05	49.20	100465
December 2004	46.50	68.00	46.50	65.10	277609
January 2005	66.50	79.90	65.00	75.60	284425
February 2005	75.05	119.90	75.00	109.00	266431
March 2005	109.00	198.00	106.00	165.05	852356

Source: BSE database

The performance of the Company's Equity Shares vis-à-vis the BSE Sensitive Index (Sensex) is given in the chart below.



Registrars and Share Transfer Agents:

MUMBAI OFFICE	ANDHERI OFFICE
M/s. Sharepro Services Investor Relation Centre 912, Raheja Centre Free Press Journal Road Nariman Point, Mumbai - 400 021 Contact Person: Mr. Sadashiv Anchan - Tel. No. 2288 1568 Counter Timings: 10.00 a.m. to 5.00 p.m.	M/s. Sharepro Services 3rd Floor, Satam Industrial Estate Above Bank of Baroda Cardinal Gracious Road, Chakala Andheri (East), Mumbai - 400 099 Contact Person: Mr. Raagesh - Tel. No. 2821 5168 Counter Timings: 10.00 a.m. to 5.00 p.m.

Share Transfer System:

The Company's investor related services are handled by M/s. Sharepro Services. Physical shares received for transfer are duly transferred and returned to the investors well within the statutory time period, provided the documents are complete in all respects. The Share Transfer Committee meets regularly to approve the transfer proposals. All requests for dematerialisation of shares are processed and confirmed to the depositories viz., NSDL and CDSL, within 15 days. The details of the share transfers are reported to the Board of Directors for its noting. Total of 388 transfers for 43,550 physical shares were approved during the year 2004-05. The share transfer requests (81 in numbers) received in the last fortnight aggregating 9700 shares, were pending as of the above said date.

Information about shareholding as of March 31, 2005

I. Distribution of Shareholding :

No. of Shares held	Shareholders		Shares	
	Nos.	% age	Nos.	% age
1- 500	5244	89.18	948964	8.38
501-1000	365	6.21	290433	2.56
1001-2000	106	1.80	164011	1.45
2001-3000	48	0.82	120206	1.06
3001-4000	29	0.49	103500	0.91
4001-5000	22	0.37	104925	0.93
5001-10000	28	0.48	196444	1.74
10001 and above	38	0.65	9396517	82.97
	5880	**100.00**	**11325000**	**100.00**

II. Categories of Shareholders:

Category	No. of Shares held	Amount Rs.	% of Total Issued Capital
Promoters:			
Bodies Corporate	6102395	61023950	53.88
Directors and their relatives	1724750	17247500	15.23
	7827145	**78271450**	**69.11**
Non Promoters:			
Bodies Corporate	1443866	14438660	12.75
Public	2019664	20196640	17.83
Non-Resident Indians	34325	343250	0.31
	3497855	**34978550**	**30.89**
Total	**11325000**	***113250000**	**100.00**

* Inclusive of calls-in-arrears and amount in respect of shares held in abeyance under Section 206 A of the Companies Act, 1956.

Dematerialisation of Shares and Liquidity:

As of March 31, 2005, 98,69,699 shares representing 87.15% of the Company's share capital were in electronic mode. The Company's shares are frequently traded on The Stock Exchange, Mumbai(BSE). Out of the above shares in electronic mode, 96,70,726 shares representing 85.39% have been dematerialised under NSDL Depository, whereas 1,98,973 shares representing 1.76% have been dematerialised under CDSL Depository.

Outstanding GDRs /ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on equity - Not Applicable since the Company has not issued any such instruments.

Plant Locations - Not Applicable

Address for correspondence: 141, Maker Chambers III
Nariman Point
Mumbai – 400 021

All material requirements with respect to Corporate Governance as stipulated in the Listing Agreement have been complied with.

CERTIFICATE

To the Members of
JM Financial Limited

We have examined the compliance of conditions of Corporate Governance by JM Financial Limited, for the year ended on March 31, 2005 as stipulated in clause 49 of the Listing Agreement of the said Company with The Stock Exchange, Mumbai, in India.

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 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 information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We state that there were no investor grievances pending against the Company as on March 31, 2005, as per the records maintained by the Company and presented to the Shareholders'/Investors' Grievance Committee.

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 & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
Membership No. 2242

PLACE : MUMBAI
DATE : MAY 4, 2005

AUDITORS' REPORT

The Members of
JM FINANCIAL LIMITED

1. We have audited the attached Balance Sheet of JM FINANCIAL LIMITED as at March 31, 2005 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as `the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explantions, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211 (3C) of the Act;

   v) On the basis of the written representations received from the directors as on March 31, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as a director in terms of section 274 (1)(g) of the Act;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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, 2005;

      b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
Membership No. 2242

PLACE : MUMBAI
DATED : MAY 4, 2005

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF JM FINANCIAL LIMITED AS AT MARCH 31, 2005

i) In view of the nature of activities carried on by the Company, clauses 4 (ii)(a) to (c), 4(viii), 4(xiii), 4(xiv) and 4(xvi) of the Order are not applicable to it.

ii) (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 management at reasonable intervals. 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.

iii) (a) The Company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the clauses 4 (iii) (b), (c) and (d) of the Order are not applicable to the Company.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the clauses 4 (iii) (f) and (g) of the Order are not applicable to the Company.

iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.

v) Based on the audit procedures applied by us and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under that section. Hence the clause 4 (v) (b) of the Order is not applicable to the company.

vi) In our opinion and according to the information and explanations given to us, no deposits from the public within the meaning of Reserve Bank of India Directives and sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, have been accepted by the Company.

vii) In view of the low volume of transactions during the year and the internal controls existing, the Company did not deem it necessary to have a formal Internal Audit System during the year.

viii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed Income tax and Investors Education and Protection Fund and there are no arrears thereof as at 31st March, 2005 for a period of more than six months from the date they become payable except for Corporate Tax on Dividend of Rs. 25,087/- which has been paid subsequently. We are informed that Provident Fund, Employee's State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues are not applicable to the Company.

(b) According to the information & explanations given to us, particulars of outstanding dues of income tax, not deposited on account of any dispute and the forum where the disputes are pending are as under:

Name of the Statute	Nature of the dues	Period	Amount (Rs.)	Forum where dispute is pending
Income Tax Act	Income Tax	2001-02	1,77,544	Commissioner (Appeals)
Income Tax Act	Income Tax	2002-03	6,10,427	Commissioner (Appeals)

ix) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

x) Based on our audit procedures and as per the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xi) 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.

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

xiii) 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.

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

xv) According to the information and explanations given to us, no debentures have been issued during the year.

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

xvii) Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
Membership No. 2242

PLACE : MUMBAI
DATED : MAY 4, 2005

BALANCE SHEET AS AT MARCH 31, 2005

	Schedule	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Equity Share Capital	A	**11,28,86,500**	11,24,82,500
Reserves & Surplus	B	**20,80,89,482**	14,42,09,420
Total		**32,09,75,982**	25,66,91,920
APPLICATION OF FUNDS			
FIXED ASSETS	C		
Gross Block		**1,08,50,211**	1,08,50,211
Less : Provision for Depreciation		**22,51,128**	20,73,463
Net Block		**85,99,083**	87,76,748
INVESTMENTS	D	**31,12,51,745**	19,17,95,702
DEFERRED TAX ASSETS		**3,21,790**	1,84,345
Current Assets, Loans & Advances	E	**5,04,53,525**	9,45,35,796
Less: Current Liabilities & Provisions	F	**4,96,50,161**	3,86,00,671
NET CURRENT ASSETS		**8,03,364**	5,59,35,125
Total		**32,09,75,982**	25,66,91,920

Significant Accounting Policies & Notes to Accounts J

As per our attached Report of even date

For & on behalf of
KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner

PLACE: MUMBAI
DATED: MAY 4, 2005

For and on behalf of the Board

NIMESH N KAMPANI
Chairman

PLACE: MUMBAI
DATED: MAY 4, 2005

Directors

M R MONDKAR

ASHITH N KAMPANI

E A KSHIRSAGAR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005

(in Rupees)

	Schedule	For the Year ended 31.03.2005	For the Year ended 31.03.2004
INCOME			
Securities Activity	G	**13,40,80,865**	4,02,40,245
Other Income	H	**31,36,256**	26,42,484
		13,72,17,121	4,28,82,729
EXPENDITURE	I	**23,92,611**	26,73,581
Profit before Depreciation, Diminution in Value of Investment & Income Tax		**13,48,24,510**	4,02,09,148
Less: Depreciation		**1,77,665**	1,77,665
Provision for diminution in the value of investments		**4,00,00,000**	1,40,00,000
Profit before Tax		**9,46,46,845**	2,60,31,483
Provision for Current Tax		**25,000**	—
Deferred Tax Adjustment		**(1,37,445)**	(63,737)
Profit after Tax		**9,47,59,290**	2,60,95,220
Add: Balance Profit brought forward		**2,16,65,140**	1,78,73,011
Profit available for Appropriation		**11,64,24,430**	4,39,68,231
APPROPRIATION			
Proposed Dividend		**2,83,12,500**	1,79,97,200
Dividend Tax		**39,70,828**	23,05,891
General Reserve		**1,00,00,000**	20,00,000
Balance carried forward		**7,41,41,102**	2,16,65,140
		11,64,24,430	4,39,68,231
Basic & Diluted Earning Per Share		**8.37**	2.30
Significant Accounting Policies & Notes to Accounts	J		

As per our attached Report of even date	For and on behalf of the Board	Directors
For & on behalf of KHIMJI KUNVERJI & CO Chartered Accountants	**NIMESH N KAMPANI** Chairman	**M R MONDKAR**
		ASHITH N KAMPANI
SHIVJI K VIKAMSEY Partner		**E A KSHIRSAGAR**
PLACE: MUMBAI DATED: MAY 4, 2005	PLACE: MUMBAI DATED: MAY 4, 2005	

SCHEDULE 'A'
SHARE CAPITAL

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Authorised:		
1,50,00,000 Equity Shares of Rs. 10/- each	**15,00,00,000**	15,00,00,000
Issued, Subscribed and Paid up :		
1,13,25,000 Equity Shares of Rs.10/- each fully paid-up	**11,32,50,000**	11,32,50,000
(Of the above, 12,50,000 Equity Shares of Rs. 10/- each issued for consideration other than cash)		
Less : Calls in arrears	**3,63,500**	7,67,500
	11,28,86,500	11,24,82,500

SCHEDULE 'B'
RESERVES & SURPLUS

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
Share Premium		
Balance as per last Balance Sheet	**12,05,44,280**	12,05,42,780
Add: Additions during the year	**14,04,100**	1,500
	12,19,48,380	12,05,44,280
General Reserve		
Balance as per last Balance Sheet	**20,00,000**	—
Add: Transferred from Profit and Loss Account	**1,00,00,000**	20,00,000
	1,20,00,000	20,00,000
Surplus in Profit and Loss Account	**7,41,41,102**	2,16,65,140
	20,80,89,482	14,42,09,420

SCHEDULE 'C'
FIXED ASSETS

(In Rupees)

	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
Particulars	As at 31.03.2004	Additions during the period	Sale/Transfer during the period	**As at 31.03.2005**	Up to 31.03.2004	For the period	On Sale/ Transfer	**Total upto 31.03.2005**	**As at 31.03.2005**	As at 31.03.2004
Office Premises	1,08,50,211	—	—	**1,08,50,211**	20,73,463	1,77,665	—	**22,51,128**	**85,99,083**	87,76,748
TOTAL	**1,08,50,211**	**—**	**—**	**1,08,50,211**	**20,73,463**	**1,77,665**	**—**	**22,51,128**	**85,99,083**	87,76,748
PREVIOUS YEAR	1,08,50,211	—	—	**1,08,50,211**	18,95,798	1,77,665	—	**20,73,463**	**87,76,748**	

SCHEDULE 'D'

INVESTMENTS

Sr. No.	Particulars	As at 31.03.2005 Nos.	As at 31.03.2005 Rupees	As at 31.03.2004 Nos.	As at 31.03.2004 Rupees
	LONG TERM INVESTMENTS				
	UNQUOTED				
	TRADE INVESTMENTS				
	Equity Shares of Rs.10/- Each				
	(Fully paid-up, unless otherwise stated)				
1	JSB Securities Limited	**15,00,000**	**2,30,00,000**	15,00,000	2,30,00,000
2	JM Financial Asset Management Private Limited	**13,50,000**	**1,80,00,000**	12,00,000	1,20,00,000
3	JM Financial Trustee Company Private Limited	**25,000**	**2,50,000**	25,000	2,50,000
4	JM Morgan Stanley Securities Private Limited	**49,00,000**	**12,66,87,500**	49,00,000	12,66,87,500
	OTHERS				
	JSB Securities Limited - (Optionally Convertible Debentures of Rs.100/- each)	**6,00,000**	**6,00,00,000**	6,00,000	6,00,00,000
	OTHER INVESTMENTS				
	Equity Shares of Rs.10/- Each				
	(Fully paid-up, unless otherwise stated)				
1	Derivative Solutions Pte Limited (S$1/- each)	**—**	**—**	5,00,422	1,08,64,172
2	Financial Engineering Solutions Private Limited	**24,00,000**	**2,40,00,000**	4,00,000	40,00,000
3	UVI Holidays Limited	**1,75,000**	**87,50,000**	1,75,000	87,50,000
	OTHERS				
	Mutual Fund Units of Rs. 10/- Each				
1	JM Basic Equity Fund - Dividend Plan ##	**16,072**	**1,49,470**	16,072	1,49,470
2	JM Income Fund - Growth Plan	**83,086**	**21,94,560**	83,086	21,94,560
3	JM Income Fund - Dividend Plan	**1,70,274**	**17,46,486**	3,84,078	39,00,000
4	JM Auto Sector Fund - Dividend Option	**7,50,000**	**75,00,000**	—	—
5	JM Healthcare Sector Fund - Dividend Option	**8,18,431**	**82,50,000**	—	—
6	JM High Liquidity Fund Institutional Plan-Daily Dividend	**42,65,591**	**4,27,23,729**	—	—
7	HDFC Liquid Fund - Premium Plan - Dividend	**64,27,530**	**7,80,00,000**	—	—
	TOTAL		**40,12,51,745**		25,17,95,702
	Less: Provision for Diminution in the Value of Investments - Unquoted		**9,00,00,000**		6,00,00,000
	TOTAL		**31,12,51,745**		19,17,95,702

Represents an initial contribution as a co-sponsor towards setting up of JM Financial Mutual Fund which cannot be sold off/transferred

SCHEDULE 'E'

CURRENT ASSETS, LOANS & ADVANCES

		As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
(A)	**CURRENT ASSETS :**		
1)	Income Accrued		
	On Others [Doubtful fully provided Rs.9,32,868/- (Previous Year Rs. 9,32,868/-)]	**1,625**	1,03,264
2)	Sundry Debtors (Unsecured considered good unless otherwise stated)		
	Exceeding six months [Doubtful fully provided Rs.18,51,213/- (Previous Year Rs. 18,51,213/-)]	**—**	—
3)	Bank Balance with Scheduled Banks :		
	— In Current Accounts	**18,46,655**	6,95,463
	TOTAL (A)	**18,48,280**	7,98,727
(B)	**LOANS AND ADVANCES**		
	(Unsecured considered good, unless otherwise stated)		
1)	Advances recoverable in cash or kind or for value to be received	**14,11,700**	4,67,49,489
2)	Deposits [Net of doubtful deposits provided Rs.25,00,000/- (Previous Year Rs. 25,00,000/-)]	**1,32,97,510**	1,32,97,510
3)	Advance Tax & Tax Deducted at Source (Net of Provision)	**3,38,96,035**	3,36,90,070
	TOTAL (B)	**4,86,05,245**	9,37,37,069
	TOTAL (A+B)	**5,04,53,525**	9,45,35,796

SCHEDULE 'F'

CURRENT LIABILITIES & PROVISIONS

	As at 31.03.2005 Rupees	As at 31.03.2004 Rupees
CURRENT LIABILITIES		
1) Sundry Creditors	**8,29,500**	9,78,250
2) Unclaimed Dividend	**6,72,251**	4,26,992
3) Property Deposits	**1,00,00,000**	1,00,00,000
4) Other Liabilities	**58,65,082**	68,92,338
TOTAL (A)	**1,73,66,833**	1,82,97,580
PROVISIONS		
Proposed Dividend	**2,83,12,500**	1,79,97,200
Corporate Tax on Proposed Dividend	**39,70,828**	23,05,891
TOTAL (B)	**3,22,83,328**	2,03,03,091
TOTAL (A) + (B)	**4,96,50,161**	3,86,00,671

INCOME

SCHEDULE 'G'

SECURITIES ACTIVITY

(in Rupees)

	For the year ended 31.03.2005	For the Year ended 31.03.2004
Profit/(Loss) on sale of Long term Investments (Net)	**(3,85,192)**	20,64,549
Dividend on Long Term Investments (Gross) [Tax Deducted at Source Rs.Nil /- (Previous Year Rs.65,288/-)]	**13,44,66,057**	3,81,75,696
TOTAL	**13,40,80,865**	4,02,40,245

SCHEDULE 'H'

OTHER INCOME

(in Rupees)

	For the Year ended 31.03.2005	For the Year ended 31.03.2004
Interest (Gross)	**20,12,560**	6,45,852
[Tax Deducted at Source Rs.1,43,353/- (Previous Year Rs. 27,857/-)]		
Lease Rent (Gross)	**11,01,600**	12,40,350
[Tax Deducted at Source Rs. 2,28,836/- (Previous Year Rs. 2,54,871/-)]		
Other Income	**22,096**	7,56,282
TOTAL	**31,36,256**	26,42,484

SCHEDULE 'I'

EXPENDITURE

(in Rupees)

	For the Year ended 31.03.2005	For the Year ended 31.03.2004
1) Rent	**1,37,009**	1,17,800
2) Rates & Taxes	**34,842**	34,575
3) Insurance	**11,22,229**	11,25,644
4) Auditor's Remuneration		
— For Audit Fees	**40,000**	25,000
— For Certification	**—**	2,500
— For Limited Review	**30,000**	15,000
— For Tax Matters	**—**	15,000
— For Management Consultancy Services	**—**	25,000
— For Tax Audit fees	**25,000**	10,000
— For Service Tax	**9,470**	6,200
5) Legal, Professional & Consultation Charges	**1,86,772**	6,09,540
6) Miscellaneous Expenses	**8,07,289**	6,87,322
TOTAL	**23,92,611**	26,73,581

SCHEDULE "J"

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS AS ON MARCH 31,2005

1 Significant Accounting Policies

(a) Accounting Convention

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the applicable accounting standards.

(b) Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Investments

Long term Investments are stated at cost. However, provision for diminution in value of the quoted long term investments and current investments is done at lower of the cost or market value determined on an individual investment basis and provision for diminution in the value of Unquoted Long Term Investments is done as per Management's estimate.

(d) Depreciation

Depreciation is being provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Depreciation on assets added/disposed off during the year is being provided on a pro-rata basis with reference to the month of addition/disposal.

(e) Foreign Currency Translations

Transactions on account of foreign currency are converted into Indian rupees at the prevailing rates on the date of transaction. Remittances not received or made until the date of Balance Sheet are considered at the exchange rate prevailing on the date of Balance Sheet.

(f) Stock in Trade

Valued at lower of cost or market value.

(g) Taxation

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

The Deferred Tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing difference are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets are recognised on unabsorbed losses only if there is virtual certainity that such deferred tax assets can be realised against future taxable profit

(h) Contingent Liabilities

Contingent liabilities are not provided for and disclosed by way of Notes.

2 (a) Contingent liability in respect of income tax disputed in appeal, excluding interest thereon is Rs.3,14,16,671/- [Previous year Rs. 3,08,31,241/-].

(b) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 44,77,000/- [Previous year Rs. 44,77,000/-].

3 Other Liabilities include the following unclaimed amounts which will be transferred to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 after seven years from the respective dates they became due for payment.

		Year ended 31.03.2005	Year ended 31.03.2004
		Rupees	Rupees
1	Unclaimed Dividend	**6,72,251**	4,26,992
2	Unclaimed matured debentures	**40,07,011**	46,09,444
3	Unclaimed Interest on debentures	**13,08,029**	17,25,358
		59,87,291	67,61,794

4 Disclosure in respect of Company's Joint Ventures in India pursuant to Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures":

		Country of Incorporation	**Proportion of Ownership interest as at 31.03.2005 Rupees**	Country of Incorporation	Proportion of Ownership interest as at 31.03.2004 Rupees
a)	Name of the Venture JM Morgan Stanley Securities Pvt. Limited	**India**	**49%**	India	49%
	Derivative Solutions Pte. Ltd.	—	—	Singapore	30%
b)	The aggregate of Company's share in the above ventures in:				
	Net Fixed Assets		**3,61,48,533**		3,51,94,233
	Investments (in High Liquid Mutual Funds)		**48,28,24,491**		31,97,25,000
	Net Current Assets		**11,72,70,068**		17,38,73,270
	Stock Exchange Membership		**83,05,500**		83,05,500
	Deferred Tax liability		**(3,79,260)**		(490,000)
	Income		**68,02,48,046**		53,45,39,464
	Expenses (Including depreciation & taxation)		**43,02,60,964**		34,52,23,394

Note: The ownership interest for the current year is worked out based on the unaudited (provisional) accounts of joint venture entity. In case of the previous year the ownership interest is worked out based on the audited accounts of the joint venture entities.

5 There are no loans and advances in the nature of loans to Subsidiaries, Associates, Firms and Companies in which directors are interested, and no loans having no repayment schedule or repayment schedule beyond seven years or having no interest or interest rates lower than those specified under Section 372A of the Companies Act, 1956, except investment in 6,00,000 Interest free Optionally Convertible Debentures of JSB Securities Limited amounting to Rs.6 Crore, which if not converted into Equity shares are partly repayable after seven years from the date of allotment i. e. 31.03.2001.

6 The issued, subscribed and paid-up capital and calls in arrears, inter alia, includes an amount in respect of 11,500 shares held in abeyance under section 206A of the Companies Act, 1956.

7 Under the head "Current Liabilities & Provisions" no separate disclosure is made for outstanding amount(s) due to Small Scale Industrial undertaking(s) [SSI], based on the information/documents available with the Company, that there are no such creditors.

8 Deferred Tax Assets/ (Liabilities) at the year end comprise timing difference on account of:

	Year ended 31.03.2005	Year ended 31.03.2004
	Rupees	Rupees
Depreciation	**(20,69,737)**	(20,19,572)
Brought forward depreciation	**23,91,527**	22,03,917
	3,21,790	1,84,345

Deferred tax assets arising on account of brought forward losses has not been recognised as a measure of prudence.

9 Earning Per Share is calculated as under:

	Year ended 31.03.2005	Year ended 31.03.2004
	Rupees	Rupees
(a) Numerator - Net profit as disclosed in Profit and Loss account	**9,47,59,290**	2,60,95,220
(b) Denominator - Weighted average no. of equity shares outstanding	**1,13,25,000**	1,13,25,000
Basic & Diluted	**8.37**	2.30
(c) Nominal value of shares	**10.00**	10.00

10 Disclosure in respect of Related Parties pursuant to Accounting Standard - 18

As per Annexure attached - 1

11 Statement of Cash Flow pursuant to Accounting Standard - 3

As per Annexure attached - 2

12 The Company is mainly engaged in Securities Activity, which in the context of Accounting Standard 17 is considered as the only business segment. The geographical segments are therefore not applicable.

13 No further information pursuant to paragraph 4C & 4D of the Part II of the Schedule VI of the Companies Act, 1956 given as the same does not apply to the Company.

14 Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

As per Annexure attached - 3

15 Previous year figures have been regrouped and rearranged wherever necessary.

ANNEXURE TO POINT NO. 10 OF SCHEDULE J

Rupees in lacs

	Associates		**Joint Ventures**		**Key Management Personnel**		**Relatives of Key Management Personnel**		**Enterprise over which Individual in 2 below is able to exercise significant influence**		**Total**	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Sale of Long Term Investments through	—	—	—	—	—	—	—	—	—	—	—	—
Receiving of services	—	—	—	—	—	—	—	—	—	—	—	—
Investments made in	260.00	—	—	—	—	—	—	—	—	—	260.00	—
Debenture Application Money applied	—	—	—	—	—	—	—	—	—	500.00	—	500.00
Debenture Application Money received	—	—	—	—	—	—	—	—	453.00	47.00	453.00	47.00
Advances recovered	—	—	—	—	—	—	—	—	—	—	—	—
Deposits repaid	—	—	—	—	—	—	—	—	—	4.00	—	4.00
Dividend received	—	—	1,323.00	367.50	—	—	—	—	—	—	1,323.00	367.50
Rent received	—	—	—	—	—	—	—	—	11.02	12.40	11.02	12.40
Interest received	—	—	—	—	—	—	—	—	6.92	1.36	6.92	1.36
Board Meeting Fees	—	—	—	—	0.27	0.07	0.22	0.09	—	—	0.49	0.16
Audit Committee Fees	—	—	—	—	0.04	0.02	0.10	0.03	—	—	0.14	0.05
Outstanding Balance												
Investments in	1,252.50	992.50	1,266.88	1,375.52	—	—	—	—	—	—	2,519.38	2,368.02
Debenture Application Money	—	—	—	—	—	—	—	—	—	453.00	—	453.00
Property deposits received from	—	—	—	—	—	—	—	—	100.00	100.00	100.00	100.00
Interest Accrued	—	—	—	—	—	—	—	—	—	1.03	—	1.03
Receivables	—	—	—	—	—	—	—	—	—	—	—	—

Note:

A. Names of related parties and description of relationship:

1) **Associates**
JSB Securities Limited
Financial Engineering Solutions Private Limited
JM Financial Trustee Company Private Limited
JM Financial Asset Management Private Limited

Joint Venture
JM Morgan Stanley Securities Private Limited

2) **Key Management Personnel**
Mr. Nimesh N Kampani

3) **Relatives of Key Management Personnel**
Mr. Ashith N Kampani

4) **Enterprises over which Individual in 2 above is able to exercise significant influence :**
J. M. Financial & Investment Consultancy Services Private Limited
J. M. Lease Consultants Private Limited
JM Morgan Stanley Retail Services Private Limited
JM Morgan Stanley Private Limited
JM Morgan Stanley Fixed Income Securities Private Limited

B a. No amount in respect of related parties have been written back during the year.

b. Amount provided during the year for diminution in the value of investments in related parties is Rs.3,12,50,000/- (till date Rs.8,12,50,000/-)

c. Related party relationships have been identified by the management and relied upon by the Auditors.

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2005
ANNEXURE TO POINT NO. 11 TO SCHEDULE J

Rs (in Lacs)

	PARTICULARS	2004-2005	2003-2004
A.	**Net Profit before tax & extra ordinary items**	**946.47**	260.31
	Adjustment for :		
	Depreciation	**1.78**	1.78
	Provision for diminution in value of Investments	**400.00**	140.00
	Profit/ (Loss) on sale of Investments	**(3.85)**	20.65
	Operating Profit before Working Capital Changes	**1,352.10**	101.44
	Adjustment for :		
	Trade & Other Receivables	**1.41**	(1.03)
	Trade Payables	**(13.51)**	(13.94)
	Cash generated from operations	**1,340.00**	86.47
	Direct taxes paid	**(2.31)**	19.02
	Net Cash from Operating Activities	**1,337.69**	105.49
B.	**Cashflow from Investment Activities**		
	Purchase of Investments	**(2,078.68)**	(807.21)
	Sale of Investments	**480.27**	931.96
	Loans & Advances	**453.00**	(399.16)
	Net Cash from/(used in) Investment Activities	**(1,145.41)**	(274.41)
C.	**Cashflow from Financing Activities**		
	Proceeds from Calls in Arrears /Interest	**18.08**	0.07
	Dividend paid including Corporate Tax	**(198.85)**	(98.07)
	Net Cash from/(used in) Financing Activities	**(180.77)**	(98.00)
	Net Increase in cash & cash equivalents	**11.51**	(1.33)
	Cash & cash equivalents (opening)	**6.96**	8.29
	Cash & cash equivalents (closing)	**18.47**	6.96

Note: Considering the Company's activities, Dividend, Interest Income and Lease Rentals are considered as part of the operating activities of the Company.

As per our attached	For and on behalf of the Board	Directors
Report of even date		
For & on behalf of		
KHIMJI KUNVERJI & CO	**NIMESH N KAMPANI**	**M R MONDKAR**
Chartered Accountants	Chairman	
		ASHITH N KAMPANI
SHIVJI K VIKAMSEY		
Partner		**E A KSHIRSAGAR**
PLACE: MUMBAI	PLACE: MUMBAI	
DATED: MAY 4, 2005	DATED: MAY 4, 2005	

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

ANNEXURE TO POINT NO. 14 TO SCHEDULE J

a.	**Registration Details**	
	Registration No.: 38784	**State Code : 11**
	Balance Sheet Date: 31-03-2005	
b.	**Capital Raised during the Year**	**(Rupees in '000)**
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
c.	**Position of Mobilisation and Deployment of Funds**	
	Total Liabilities	3,20,976
	Total Assets	3,20,976
	Sources of Funds	
	Paid-up Capital	1,12,887
	Reserves and Surplus	2,08,089
	Secured Loans	—
	Unsecured Loans	—
	Application of Funds	
	Net Fixed Assets	8,599
	Investments	3,11,252
	Deferred Tax Assets	322
	Net Current Assets	803
	Miscellaneous Expenditure	—
	Accumulated Losses	—
d.	**Performance of the Company**	
	Turnover (including Other Income)	1,37,217
	Total Expenditure	42,570
	Profit before Tax	94,647
	Profit after Tax	94,759
	Earning per share in Rs.	8.37
	Dividend Rate (%)	25
e.	**Generic Names of Principal Products of the Company**	
	Item Code No. (ITC Code)	Not applicable
	Product Description	Not applicable

As per our attached
Report of even date
For & on behalf of
KHIMJI KUNVERJI & CO
Chartered Accountants

SHIVJI K VIKAMSEY
Partner
PLACE: MUMBAI
DATED: MAY 4, 2005

For and on behalf of the Board

NIMESH N KAMPANI
Chairman

PLACE: MUMBAI
DATED: MAY 4, 2005

Directors

M R MONDKAR

ASHITH N KAMPANI

E A KSHIRSAGAR

JM FINANCIAL LIMITED

JM FINANCIAL

Registered Office: 141, Maker Chambers III, Nariman Point, Mumbai 400 021

PROXY FORM

DPID: .... Folio No: ....

Client ID: .... No. of Shares held ....

I/We .... of ....

.... in the district of

.... being a Member/Members of the above named Company hereby appoint .... of .... in the district of .... or failing him .... of .... in the district of ....

as my/our proxy to vote for me/us on my/our behalf at the TWENTIETH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, July 6, 2005 and at any adjournment thereof.

Affix Re. 1/- Revenue Stamp

Signed this .... day of .... 2005 Signature............ ....

Note: **This proxy form duly completed and signed must be deposited at the Registered Office of the Company not later than forty-eight hours before the meeting.**

JM FINANCIAL LIMITED

JM FINANCIAL

Registered Office: 141, Maker Chambers III, Nariman Point, Mumbai 400 021

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Twentieth Annual General Meeting — JULY 6, 2005

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company on Wednesday, July 6, 2005 at 3.30 p.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Ground Floor, Nariman Point, Mumbai 400 021.

Full name of Member (in BLOCK LETTERS) ....

DPID: .... Folio No: ....

Client ID: .... No. of Shares held ....

Full name of Proxy (in BLOCK LETTERS) ....

Member's/Proxy's Signature ....

Group Companies of JM Financial Limited includes:

1. J. M. Financial & Investment Consultancy Services Private Limited
2. J. M. Lease Consultants Private Limited
3. J. M. Assets Management Private Limited
4. J. M. Securities Private Limited
5. FICS Consultancy Services Limited
6. Kampani Consultants Limited
7. Kampani Finance Limited
8. Fidelity Legal and Custodian Services Limited
9. SNK Investments Private Limited
10. Persepolis Investment Company Private Limited
11. JSB Securities Limited

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