JM FINANCIAL

Trust is always the answer

integrity innovation teamwork partnership

implementation client focus performance

Annual Report 2008 - 09

"The cover of this annual report represents the seven values that guide us at JM Financial.

It is our belief in these values that binds us together as a team; prompts us as we strive to build stronger relationships with all our clients and shareholders; inspires us as we achieve newer standards of performance in our work; and motivates us as we move ahead.

Our values provide us perspective and enable us to continue to stand strong."

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TWENTY FOURTH ANNUAL GENERAL MEETING

Day and Date : Thursday, September 10, 2009

Time : 3.30 P.M.

Venue : Rama Watumull Auditorium
Kishinchand Chellaram College
Dinshaw Wacha Road, Churchgate
Mumbai - 400 020

BOARD OF DIRECTORS

Mr. Nimesh N Kampani - Chairman & Managing Director
Mr. M R Mondkar
Mr. Ashith N Kampani
Mr. E A Kshirsagar
Mr. D E Udwadia
Dr. Pravin P Shah
Mr. Paul Zuckerman

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited
2nd Floor, Samhita Warehousing Complex
Gala No-52 to 56, Bldg No.13 A-B
Near Sakinaka Telephone Exchange
Andheri - Kurla Road, Sakinaka, Andheri (East)
Mumbai - 400 072

REGISTERED OFFICE

141, Maker Chambers III
Nariman Point
Mumbai - 400 021
Tel.: 91-22-6630 3030
Fax: 91-22-2202 8224

Notice

NOTICE IS HEREBY GIVEN THAT THE TWENTY FOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON THURSDAY, SEPTEMBER 10, 2009 AT 3.30 P.M. AT RAMA WATUMULL AUDITORIUM, KISHINCHAND CHELLARAM COLLEGE, DINSHAW WACHA ROAD, CHURCHGATE, MUMBAI - 400 020 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. M R Mondkar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Dr. Pravin P Shah, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint M/s. Khimji Kunverji & Co., as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

By Order of the Board

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

Date: July 21, 2009

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

NOTES:

a. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE 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.

b. Members who hold shares in dematerialised form are requested to get their DP ID and Client ID numbers for easy identification of attendance at the meeting.

c. Brief profiles of each of the Directors, who are proposed to be re-appointed, are furnished in the Corporate Governance Report, which forms part of the Annual Report.

d. The Register of Members of the Company will remain closed from Thursday, September 3, 2009 to Thursday, September 10, 2009 (both days inclusive).

e. Members while corresponding with the Company or its Registrars & Share Transfer Agents (RTA) viz., M/s. Sharepro Services (India) Private Limited, are requested to quote their respective Register Folio Numbers or DP ID and Client ID numbers of their beneficiary accounts, as the case may be.

f. 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, will be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. The Members who have not yet encashed their dividend cheques for the financial year 2001-02 or any subsequent financial years are requested to make their claim to the Company. Further, please note that unclaimed dividend in respect of the financial year 2001-02 is due for transfer to the IEPF in September 2009. No claims shall lie against the said Fund or the Company in respect of the amounts remaining unclaimed or unpaid after the said transfer to IEPF.

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

h. The Company has made necessary arrangements for the Members to hold their shares in dematerialised form. Those Members who are holding shares in physical form are requested to dematerialise the same by approaching any of the Depository Participants (DPs) In case any Member wishes to dematerialise his/her shares and need any assistance, he/she may write to the Company Secretary at the registered office of the Company.

i. Members are requested to notify any change in their address immediately to their respective DPs or the RTA or the Company, as the case may be so as to enable us to dispatch the dividend pay orders/ECS intimation at the correct address.

j. Payment of dividend through Electronic Clearing Service (ECS):

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

The Members, holding shares in dematerialised form are advised to intimate the bank details/change in bank details to their respective Dps. Those Members who are holding their shares in physical form are advised to send bank details/changes therein, if any, to the RTA or to the Company. In case of absence of ECS facility, the Company will send the dividend pay orders to the registered address of the Members.

To enable the Company to print the bank account details on the dividend pay orders as a security measure for the credit to the correct recipient, Members are required to update their bank account details with their respective Dps, RTA or the Company.

Directors' Report

To the Members,

The Directors of your Company present the Twenty Fourth Annual Report together with the audited annual accounts for the financial year ended March 31, 2009.

FINANCIAL RESULTS

(Rs. in crore)

Particulars	For the year ended			
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
	Consolidated		Standalone	
Gross income	425.83	742.29	24.54	36.70
Profit before depreciation, interest & tax	**126.71**	**334.81**	**15.28**	**28.93**
Less: Depreciation	12.11	9.79	0.27	0.10
Interest	20.39	32.83	0.03	0.06
Provision for diminution in value of investments	136.72	-	1.83	-
Provision for mark-to-market loss on securities held as a result of underwriting	17.18	-	-	-
Provision on standard assets	18.79	12.04	-	-
Add: Exceptional item (net)	-	1509.60	-	1723.02
Profit/(Loss) before tax	**(78.48)**	**1789.75**	**13.15**	**1751.79**
Provision for tax	28.32	454.11	5.13	391.55
Provision for fringe benefit tax	1.18	1.42	0.05	0.07
Profit/(Loss) after tax but before minority interest and share in associate companies	**(107.98)**	**1334.22**	**7.97**	**1360.17**
Less: Share of minority interest (net)	(0.19)	9.84	-	-
Add: Share of Profit /(Loss) in associate companies	2.58	(17.32)	-	-
Net Profit/(Loss)	**(105.21)**	**1307.06**	**7.97**	**1360.17**
Add: Profit brought forward from earlier years	1225.40	165.30	1160.39	37.97
Less: Adjustments as per AS 15 and others	-	0.83	-	-
Profit available for appropriation	**1120.19**	**1471.53**	**1168.36**	**1398.14**
Appropriations				
Proposed dividend				
Normal	15.00	15.00	15.00	15.00
Special	-	60.00	-	60.00
Dividend distribution tax	2.55	12.83	0.05	12.75
General reserve	1.00	150.00	1.00	150.00
Statutory reserve	11.09	13.15	-	-
Debenture redemption reserve	-	(4.85)	-	-
Surplus carried to balance sheet	1090.55	1225.40	1152.31	1160.39
	1120.19	**1471.53**	**1168.36**	**1398.14**

DIVIDEND

Your Directors are pleased to recommend the payment of a dividend of Re. 0.20 per share for the year ended March 31, 2009. The payment of dividend together with tax thereon will absorb Rs. 15.05 crore. The dividend, if declared at the forthcoming Annual General Meeting, will be paid on or after September 12, 2009 to those Members whose names appear in the Register of Members at the close of the business hours on September 2, 2009. In respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by the Depositories as beneficial owners as on the said date.

FINANCIAL HIGHLIGHTS

The global financial crisis and the consequent bearish market conditions during the financial year 2008-09 have taken a severe toll on the business operations of the Indian corporate sector. Your Company, being no exception, could not remain insulated from the resulting fall-out of the financial turmoil. Hence, it has posted, on a consolidated basis, a lower gross income of Rs. 425.83 crore during the year under review as against Rs. 742.29 crore in the previous year and incurred a loss before tax of Rs. 78.48 crore as against profit before tax of Rs. 280.15 crore (before exceptional item) earned during the previous year.

As a matter of abundant caution and to factor in the possibility that the Indian capital markets may continue to remain bearish, your Company and its subsidiaries have made a provision for diminution in the value of shares in listed companies held as long term investments. The amount of loss incurred, on a consolidated basis, as stated above is after considering such provision for diminution in the value of shares aggregating Rs. 136.72 crore.

On a standalone basis, your Company earned a lower gross income of Rs. 24.54 crore during the year under review as against Rs. 36.70 crore in the previous year and earned a profit before tax of Rs. 13.15 crore as against profit before tax of Rs. 28.77 crore (before exceptional item) earned during previous year. The net worth of your Company at the year end stands at Rs. 1,646.37 crore which translates to a book value of Rs. 21.96 per share.

SHARE CAPITAL

Consequent upon the approval of Members at the previous Annual General Meeting, the equity shares of the face value of Rs. 10/- each in the share capital of your Company were sub-divided into 10 equity shares of the face value of Re. 1/- each; and fully paid-up bonus shares were issued in the ratio of 3 equity shares for every 2 equity shares held by the Members. The record date for the above corporate actions by your Company was fixed as September 15, 2008.

To reflect the change in face value of the equity shares due to sub-division and to facilitate the issue of additional equity shares resulting from the bonus issue, the Authorised Share Capital of your Company was increased from Rs. 50 crore to Rs. 100 crore consisting of 100 crore equity shares of face value of Re. 1/- each. The paid-up capital of your Company increased from Rs. 29.98 crore to Rs. 74.97 crore due to the issue of bonus equity shares after the forfeiture of 8,700 partly paid-up equity shares in respect of which the calls were in arrears.

The liquidity in the shares of your Company on the Stock Exchanges has increased considerably subsequent to the sub-division and issue of bonus equity shares. It has also helped your Company in widening its shareholder base which is evident from the fact that the number of shareholders has increased to 15,416 as on March 31, 2009 as compared to 7,375 as on March 31, 2008.

EMPLOYEE STOCK OPTION SCHEME

Your Company has instituted an Employee Stock Option Scheme (ESOS) to reward and retain the key talent within your Company and its subsidiary(ies). The ESOS is framed and adopted by the Compensation Committee of the Board of your Company. A total of 445,500 stock options were granted at an exercise price of Rs. 1,370/- per option to the employees/Directors of your Company and its subsidiary(ies) under the ESOS of your Company. The vesting schedule of these options is in three equal tranches at the end of third, fourth and fifth year from the date of their grant.

Consequent upon the sub-division of equity shares and the issue of bonus shares, the Compensation Committee, at its meeting held on October 27, 2008, made the proportionate adjustment to the number of options granted and their exercise price. After the said adjustment, the number of adjusted options are 11,137,500 and the adjusted exercise price is Rs. 54.80 per option. The details of ESOS as stipulated under Clause 12.1 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure I to this Report.

SUBSIDIARY COMPANIES

JM Financial Consultants Pvt. Ltd. (JM Financial Consultants), a wholly owned subsidiary of your Company completed the acquisition of the balance 40% equity stake in its subsidiary JM Financial Institutional Securities Pvt. Ltd. (formerly JM Financial ASK Securities Pvt. Ltd.) on May 9, 2008 pursuant to which JM Financial Institutional Securities Pvt. Ltd. became a wholly owned subsidiary of your Company.

During the year, JM Financial Insurance Broking Pvt. Ltd., JM Financial Overseas Holdings Pvt. Ltd. (incorporated under the laws of Republic of Mauritius) and Oracle Enterprises Pvt. Ltd. became subsidiaries of your Company.

JM Financial Asset Management Pvt. Ltd. (JM Financial Asset Management), a subsidiary of your Company and the asset management company of JM Financial Mutual Fund, raised Rs. 63.86 crore by issuing total 4,695,652 equity shares to overseas institutional investors. As a result, your Company's stake in JM Financial Asset Management got diluted from 58.26 % to 53.60 % after the allotment of the said shares on January 23, 2009. Simultaneously with the placement of shares to the overseas institutional investors, JM Financial Asset Management issued 5,287,897 warrants to your Company which carry the right to apply for and get allotted equivalent number of equity shares any time during the period of three years from the date of allotment of the equity shares to the aforesaid investors at the same price as offered to these investors. On your Company exercising such right, its holding would stand increased to 57.44%.

The Ministry of Corporate Affairs has granted exemption to your Company under Section 212(8) of the Companies Act, 1956 with regard to attaching the Balance Sheet, Profit & Loss Account and other documents of the subsidiaries for the year ended March 31, 2009. However, the annual accounts of the subsidiaries are available for inspection to any Member of the Company at its registered office and also at the registered office of the respective subsidiaries and a copy of the same will be made available to the Members on receipt of a request from them. The financial information of subsidiary companies is disclosed along with the consolidated financial statements. In accordance with the requirements of the Listing Agreement with Stock Exchange(s), the consolidated financial statements of the Company forms part of the Annual Report.

AWARDS & RECOGNITIONS

JM Financial Consultants was adjudged as the 'Best Equity House' by Finance Asia Country Awards 2009 and as the 'Best Merchant Banker - Runners up' by Outlook Money NDTV Profit Awards. JM Financial Consultants also figured among the Top 50 best workplaces, for the second consecutive year, in the 'Best Workplaces Survey - 2009' conducted by Great Place to Work Institute in collaboration with The Economic Times. JM Financial Services Pvt. Ltd. was ranked amongst India's Top 10 wealth management firms by the Euromoney Polls for 'Best Private Banking Services'.

MANAGEMENT DISCUSSION AND ANALYSIS & CORPORATE GOVERNANCE REPORT

The Management Discussion and Analysis for the financial year 2008-09 and a detailed report on Corporate Governance, as required under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s), are given in separate sections forming part of the Annual Report.

A certificate from the statutory auditors of the Company, M/s. Khimji Kunverji & Co., confirming compliance with the conditions of Corporate Governance stipulated in Clause 49 is annexed to the report on Corporate Governance.

DIRECTORS

The Members at the Twenty Third Annual General Meeting held on July 25, 2008 approved the appointment of Mr. Nimesh N Kampani as Managing Director and payment of remuneration to him for the period May 28, 2008 to March 31, 2011. In accordance with the authority granted by the Members, the Compensation Committee of the Board at its meeting held on March 30, 2009, has varied the terms of Mr. Kampani's remuneration w.e.f April 1, 2009, by reducing the salary and allowances and by granting him the perquisites which hitherto were not allowed to him. An abstract of the revised terms of remuneration of Mr. Kampani and the Memorandum of Interest as required under Section 302 of the Companies Act, 1956 was sent to all the Members of the Company.

In accordance with Article 130 of the Articles of Association of the Company read with the provisions of the Companies Act, 1956, Mr. M R Mondkar and Dr. Pravin P Shah, retire by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

A brief resume and other details, as stipulated under the Listing Agreement(s), of each of the above Directors seeking re-appointment are given in the report on Corporate Governance which forms part of the Annual Report. Further, the required resolutions re-appointing the above Directors at the forthcoming Annual General Meeting are included in the Notice convening the Annual General Meeting.

MR. NIMESH N KAMPANI, CHAIRMAN & MANAGING DIRECTOR

Mr. Nimesh N Kampani, Chairman & Managing Director of your Company was a Non-executive Director of Nagarjuna Finance Ltd. (NFL), a Hyderabad based Non-Banking Finance Company belonging to the Nagarjuna Group. He resigned from the directorship of NFL with effect from April 28, 1999 (i.e. more than 10 years ago). During his tenure as a Non-executive Director of NFL, NFL at all times, had a full time Managing Director who

was responsible for the management of the affairs of NFL and who attended to its day-to-day business activities. Mr. Kampani as a Non-executive Director, was neither responsible for management of the affairs of NFL nor did he, at any time, attend to the management of its day-to-day affairs.

NFL has been charged with defaults in repayment of fixed deposits and interest thereon. Mr. Kampani has been mentioned as one of the accused, among several others, for non-payment of these fixed deposits by NFL. NFL in its Annual Report of 1998-99 had reported that it continued to repay the fixed deposits during the year ended on June 30, 1999. NFL was not in default of repayment of fixed deposits and/or interest thereon during the time Mr. Kampani was a Non-executive Director of NFL. Mr. Kampani is actively contesting the allegations made against him and he is confident of a favourable outcome.

DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they 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 view of the state of affairs of your Company at the end of the financial year and of the profit or loss of your Company for that period;
- they 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;
- they have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS

The retiring auditors, namely, M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, hold office until the conclusion of the forthcoming Annual General Meeting and are seeking their re-appointment. They have confirmed that their appointment, if made, at the Annual General Meeting, will be within the limits prescribed under sub-section (1B) of Section 224 of the Companies Act, 1956 and that they are not beneficially holding any security of your Company as defined under Section 226(3)(e) of the said Act. Members are requested to consider their re-appointment and authorise the Board of Directors to fix their remuneration for the year 2009-10.

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

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, since it is not a manufacturing company. During the year under review, your Company has not earned any foreign exchange and the details of the amount spent in foreign exchange is provided in the note 13 and 14 of Notes on Accounts which forms part of the Annual Report.

PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is set out in Annexure II to this Report. Your Company had 18 employees as on March 31, 2009. Out of the total number of employees, 6 employees employed throughout the year were in receipt of remuneration of more than Rs. 24.00 lakh per annum and 3 employees employed for part of the year were in receipt of remuneration of more than Rs. 2.00 lakh per month.

However, in accordance with Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Members excluding the aforesaid annexure. Any Member interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

ACKNOWLEDGEMENTS

Your Directors place on record their gratitude for the continued co-operation and guidance extended by the Securities and Exchange Board of India, Reserve Bank of India, Bombay Stock Exchange Limited, National Stock Exchange of India Limited and other regulatory authorities. Your Directors also wish to express their gratitude to the Members and all other stakeholders of the Company for their trust and patronage and place on record their appreciation for the committed services rendered by the employees of your Company and its subsidiaries, joint venture and associate companies.

On behalf of the Board of Directors

Place: Singapore
Date: July 21, 2009

Nimesh N Kampani
Chairman & Managing Director

Annexure I

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

1.	Options granted	:	11,137,500 (after adjusting for sub-division and bonus issue)
2.	Pricing formula	:	Fair Market Price
3.	Options vested	:	Nil
4.	Options exercised	:	Nil
5.	Total number of shares arising as a result of exercise of Options	:	Nil
6.	Options lapsed	:	Nil
7.	Variation of terms of Options	:	None
8.	Money realised by exercise of Options	:	NA
9.	Total Options in force as on March 31, 2009	:	11,137,500
10.	Employee wise details of Options granted to	:	
	(i) senior managerial personnel (ii) any other employee who received a grant in any one year of Options amounting to 5% or more Options granted during that year		Ms. Dipti Neelakantan - 1,500,000 Options Mr. Adi Patel - 1,875,000 Options Mr. Atul Mehra - 3,750,000 Options Mr. Rajeev Chitrabhanu - 1,875,000 Options Mr. Subodh Shinkar - 1,500,000 Options
	(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'.	: Rs.0.11
12.	Difference between the employee compensation cost using intrinsic value method and fair value method.	: Rs.5.37 crore (for FY 2008-09)
	The impact of this difference on profits and on EPS of the Company.	**Standalone** **Particulars** / **As reported** / **As adjusted** Net profit (Rs.in crore) / 7.97 / 2.60 Basic & Diluted EPS (Rs.) / 0.11 / 0.03
13.	Weighted-average exercise price and weighted average fair value of Options for Options whose exercise price either equal or exceeds or is less than the market price of the stock Options.	: Weighted average exercise price- Rs.54.80 Weighted average value of option-Rs.58.52
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	: 7.89% to 8.13%
	ii. Expected life	: 5 years to 6 years
	iii. Expected volatility	: 5 %
	iv. Expected dividends and	: Dividend yield - 0.36%
	v. The price of the underlying share in market at the time of Option grant	: Rs.54.80

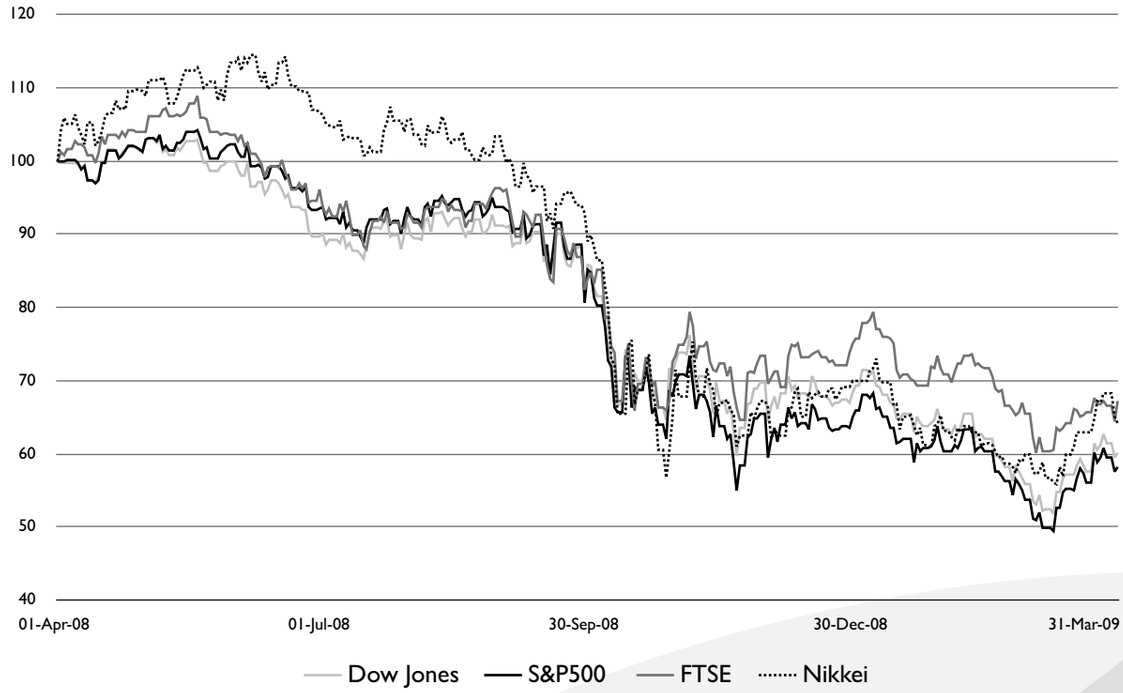
Management Discussion and Analysis

Overview of the Global Economy

The global economic environment was laden with uncertainty that led to panic in the later half of the FY 2008-09. The sub-prime mortgage crisis which started in the United States (US) in the year 2007 forced the US Government to offer and support bailouts of huge magnitude for several financial institutions and even led to the failure of one of the leading and large investment banks, Lehman Brothers. The US crisis, in turn, led to a spiral effect causing a financial turmoil of global magnitude resulting in the weakening and collapsing of several other financial firms in the US and Europe. Given today's integrated world where trade links and cross-exposures are very large and complex, particularly among banks & financial institutions, many systemically important commercial banks, investment banks, mortgage lenders, insurance companies and other financial institutions in the US and Europe suffered huge losses due to their investments in mortgage backed 'toxic' assets issued by the impacted entities.

The weakening of financial institutions evolved into a global credit crisis resulting in tightening of money and credit markets and the disruption of international capital flows amidst extreme risk aversion. The stock markets worldwide witnessed substantial decline in market value of equities thereby eroding trillions of dollars of investors' wealth. The Dow Jones Industrial Average (Dow Jones) which had touched an all time high of 14,198 points on October 11, 2007 touched a low of 6,470 points during FY 2008-09, a level which was last seen in the

Comparative movements of some major international stock indices
April 1, 2008 to March 31, 2009 (Rebased to 100 points)



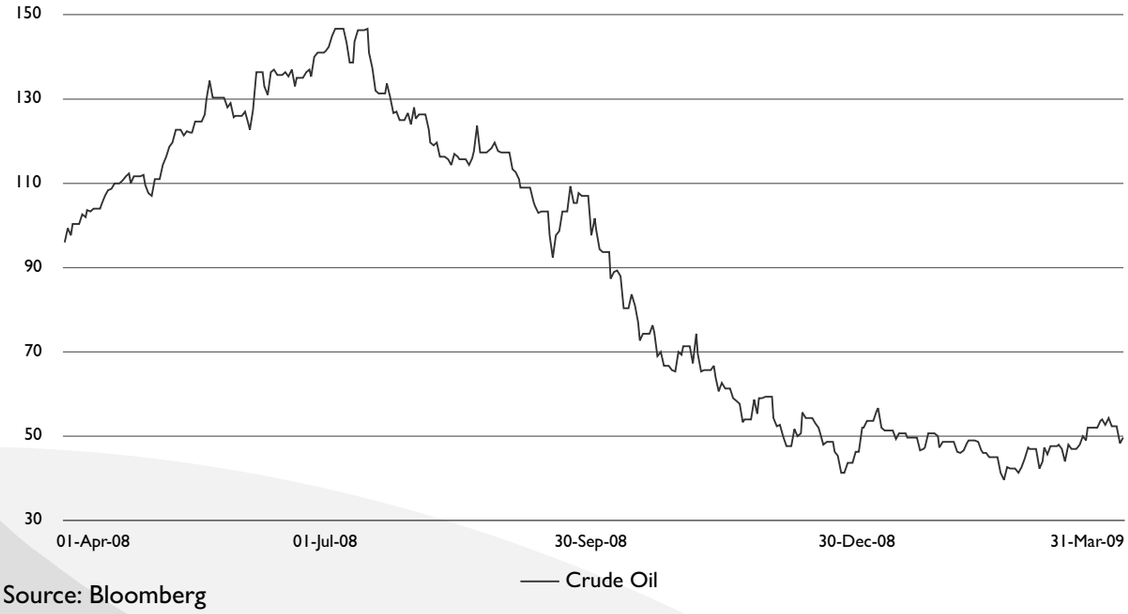
Source: Bloomberg

year 1997 and closed at 7,609 points on March 31, 2009 as compared to 12,263 points as on March 31, 2008 registering a decline of 37.95 % year-on-year basis. The United Kingdom (UK) FTSE 100 touched a low of 3,461 points and closed at 3,926 points on March 31, 2009 registering a decline of 31.15% year-on-year basis. The Nikkei 225 touched a low of 6,995 points and closed at 8,110 points on March 31, 2009 registering a decline of 35.25 % year on year basis.

The initial hope that the crisis would be restricted to the financial sector was totally belied and it spread to the real economy thereby adversely impacting companies and businesses across sectors. The real estate prices continued to tumble due to lack of demand. The loss of confidence in the global financial markets caused severe repercussions resulting in depreciating asset values, falling income, contracting demand, declining production and rising unemployment. The US, Europe and Japan, which together accounted for nearly half of the world GDP in 2007, plunged into a recession which is estimated to be the worst ever since the 1930s.

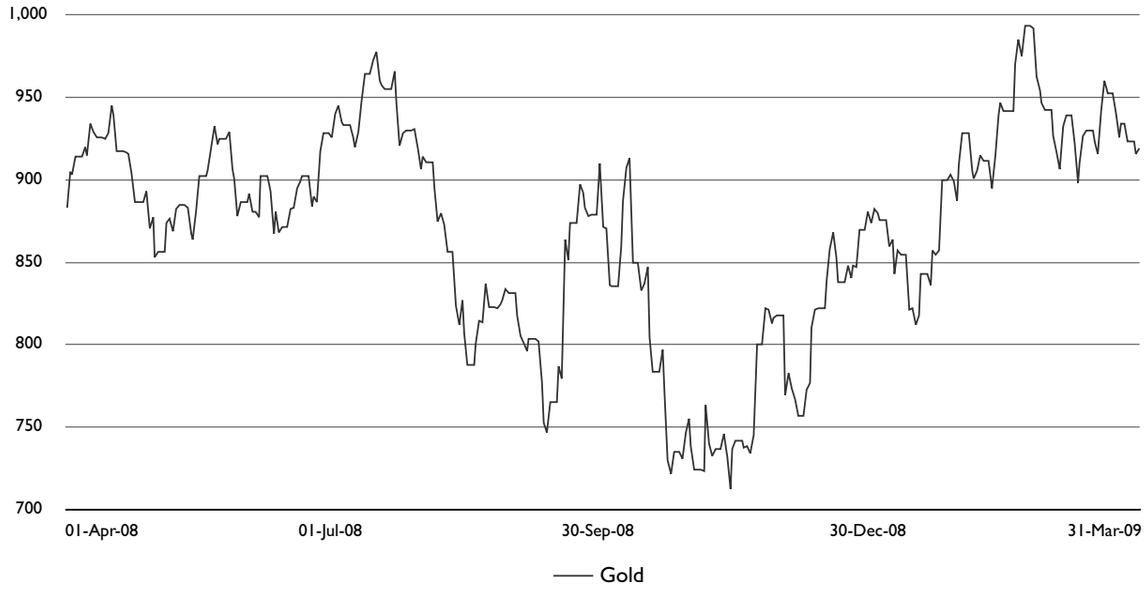
Reflecting the slowdown in international demand, crude oil prices plummeted sharply in the last quarter of 2008. Light sweet crude oil on NYMEX which was around US$ 96/bbl on April 1, 2008, rose to US$ 147/bbl in July 2008 and later tumbled as the financial crisis assumed bigger proportions than earlier thought, falling right down to US$ 39/bbl before closing at around US$ 50/bbl at end-March 2009. Prices of many other key commodities such as metals, cement and cotton too dropped steeply. Consequently, consumer price inflation declined significantly in many countries. In sharp contrast to this, gold prices experienced an upheaval after it opened at around US$ 883/troy ounce in beginning of April 2008 on the Commex division of NYMEX and touching a high of US$ 988/troy ounce in July 2008. It, thereafter, touched an intra-year low of US$ 682/troy ounce in October 2008 and again crossed its previous intra-year high by touching US$ 1006/troy ounce in February 2009 before closing at US$ 919/troy ounce at end-March 2009. The US$ appreciated against major currencies during FY 2008-09, witnessing a reverse trend from what was seen in FY 2007-08. The US$ appreciated 18.82 % against the Euro, 38.67% against the pound sterling and depreciated 2% against the Japanese yen during FY 2008-09.

Crude Oil (closing prices on NYMEX in US$/bbl)
April 1, 2008 to March 31, 2009



Source: Bloomberg

Gold (closing prices on NYMEX in US$/troy ounce)
April 1, 2008 to March 31, 2009



Source: Bloomberg

Governments and central banks around the world responded to the crisis with bold and unconventional initiatives. Central banks of many countries reduced their policy interest rates to historic low levels. The US and other governments rescued some of their financial institutions and corporations through large bailout packages. The American Recovery and Reinvestment Act, 2009 was passed by the US Congress to provide a US$ 787 billion stimulus to the US economy. This Act provides for federal tax cuts, expansion of unemployment benefits and other social welfare provisions and domestic spending in education, health care and infrastructure, including the energy sector. On November 9, 2008 an economic stimulus package of RMB¥ 4 trillion (US$ 586 billion) was announced by the central government of the People's Republic of China in its biggest move to stop the global financial crisis from hitting the Chinese economy. Governments of many other countries too announced huge stimulus packages to revive their economies. The US Federal Reserve and other central banks injected mammoth funds into the banking system with a view to facilitate banks to continue their normal lending activity and to stop the credit markets from freezing. Some of the major US investment banks, with the approval of the Federal Reserve, were converted into bank holding companies, a status which is subject to more regulation, but with readier access to capital. Securities and Exchange Commission (SEC) in US and capital market regulators of many other countries either banned or amended their respective rules and regulations relating to naked short sales of securities to limit the volatility in market price of securities.

Even so, there was a contentious debate on whether these measures were adequate and appropriate, and when, if at all, they will begin to have an impact. Till the end of the FY 2008-09, there were no signs of any early resolution as damage to collaterals continued unabated.

DOMESTIC ECONOMY

Growth

The financial crisis and the subsequent slowdown engulfed not only countries with developed markets, but also impacted emerging markets, including India. The Indian economy experienced a cyclical moderation in growth accompanied by high inflation in the first half of FY 2008-09. The Real GDP growth moderated to 6.9 % during the period April-December in FY 2008-09 as against 9% during the corresponding period of FY 2007-08. Large inventory built-up, production cuts and temporary closure of manufacturing units in some industries such as automobiles at the beginning of the second half of FY 2008-09 indicated a period of stress due to lack of demand. The services sector after expanding at a robust pace for the past several years also registered a lower growth of 9.7% during the period April-December in FY 2008-09 as against 10.5% during the corresponding period of FY 2007-08.

Inflation

The headline inflation, as measured by year-on-year variation in the Wholesale Price Index (WPI), fell from its intra-year peak of 12.91 % on August 2, 2008 to a low of 0.26 % on March 28, 2009 as compared to 7.40 % at the beginning of year. While prices of primary articles increased, fuel prices declined. The fall in commodity prices, reflecting the global trends, had been the key driver of the sharp fall in WPI inflation.

On the other hand, inflation based on various Consumer Price Indices (CPIs) remained in double digits due to the firm trend in prices of food articles and the higher weight of food articles in measurement of consumer price inflation. As the decline in input prices percolates over time to the prices of manufactured and other products, consumer price inflation too is expected to soften in the months ahead.

Liquidity & Interest Rates

Reserve Bank of India's (RBI) policy orientation shifted noticeably from controlling inflation to stimulating growth and boosting liquidity. A number of measures were implemented in order to combat the tightening liquidity conditions in the domestic financial markets and to limit the spillover effect on the real economy. This included reduction in the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Repo rate. The cumulative reduction in CRR by 400 basis points since mid-September 2008 released additional Rs.1,60,000 crore of primary liquidity into the system. As of March 31, 2009, the CRR was at 5%, SLR at 24%, Repo rate at 5%, Reverse repo at 3.5% and Bank rate at 6%.

Bank deposit and lending rates which had previously firmed up started easing from November 2008 onwards. Between November 2008 and March 2009, all public sector banks, several private sector banks and some foreign banks reduced their deposit and lending rates. The magnitude of reduction by public sector banks was larger than that by foreign and private sector banks.

Corporate Performance

The ripples of the global financial crisis impacted India Inc across sectors. Capital flow reversals intensified in September and October 2008, international credit channels continued to be constrained, capital market valuations remained low, industrial production growth slackened, export growth turned negative during October-November 2008 and the overall business sentiment also deteriorated.

Capital Markets

Secondary markets also continued to weaken reflecting the sentiments of the global financial markets, large selling pressure from Foreign Institutional Investors (FIIs), slowdown in industrial growth and lower corporate profits. The BSE Sensex declined from an all-time high of 21,206 points on January 8, 2008 and touched a low of 7,697 points on October 27, 2008 during FY 2008-09. The equity market has since remained range-bound with the BSE Sensex closing at 9,708 points on March 31, 2009 as compared to 15,644 points on March 31, 2008 registering a fall of 38 %. The total market capitalisation of the companies listed on BSE as on March 31, 2009 was Rs. 30,86,076 crore as compared to Rs. 51,38,015 crore as on March 31, 2008 reflecting a substantial erosion of investors' wealth. The volume of transactions and trading turnover on stock exchanges dropped sharply during FY 2008-09. The average daily turnover on the capital market segment of NSE was Rs. 11,325 crore during FY 2008-09 as compared to Rs. 14,148 crore during FY 2007-08. The average daily turnover on the F&O segment of NSE also dropped to Rs. 45,310.63 crore during FY 2008-09 as compared to Rs. 52,153.30 crore during FY 2007-08.

FIIs emerged as the net sellers in the Indian capital markets with their net sales aggregating Rs. 45,811 crore during FY 2008-09 as compared to net purchases of Rs. 66,179 crore during FY 2007-08. Since the opening up of the Indian capital markets for FIIs in 1992, this was the second financial year (previously 1998-99) wherein gross sales by FIIs exceeded their gross purchases resulting in net outflow of funds. The excessive sales by FIIs had an adverse impact on secondary market. However, the number of FIIs registered with Securities and Exchange Board of India (SEBI) increased to 1,635 on March 31, 2009 from 1,319 as on March 31, 2008.

Trends in FII Investments in the last twelve years

Year	Gross Purchases (Rs. crore)	Gross Sales (Rs. crore)	Net Investment (Rs. crore)	Net Investment* (US$ mn.)	Cumulative Net Investment* (US$ mn.)
1997-98	18,695	12,737	5,957	1,650	9,284
1998-99	16,115	17,699	(1,584)	(386)	8,898
1999-00	56,856	46,734	10,122	2,339	11,237
2000-01	74,051	64,116	9,934	2,159	13,396
2001-02	49,920	41,165	8,755	1,846	15,242
2002-03	47,061	44,373	2,689	562	15,804
2003-04	144,858	99,094	45,765	9,950	25,755
2004-05	216,953	171,072	45,881	10,172	35,927
2005-06	346,978	305,512	41,467	9,332	45,260
2006-07	520,508	489,667	30,840	6,708	51,967
2007-08	948,020	881,842	66,179	16,040	68,007
2008-09	614,579	660,389	(45,811)	(11,356)	56,650

* Net Investment in US$ mn. at monthly exchange rate and discrepancy in total figures, if any, are due to rounding off

Source: SEBI Reports

The primary market dried up in the absence of a stable secondary market. This is evident from the fact that the Indian corporate sector raised an amount of Rs. 14,908.33 crore during FY 2008-09 through domestic issuances as compared to Rs. 112,799.57 crore during FY 2007-08 registering a steep decline of 87.06%. The break up of the funds raised by India Inc during FY 2008-09 vis-à-vis those raised during FY 2007-08 is given in detail in the table hereinafter.

Funds mobilised in primary market

	2008-09		2007-08		% Increase/(Decrease) in Amount
	No.	Rs. in crore	No.	Rs. in crore	
IPO	21	2,082.35	85	42,101.84	(95.05)
FPO	-	-	7	11,915.84	-
QIP	2	188.82	36	25,525.29	(99.26)
Rights Issue	25	12,637.16	32	32,518.49	(61.14)
Total		**14,908.33**		**112,799.57**	**(87.06)**

Source: SEBI Reports

During FY 2008-09, the net redemption by public sector mutual funds was Rs. 34,017.57 crore as against net resource mobilisation of Rs. 133,303.95 crore during FY 2007-08, whereas net resource mobilisation by the private sector mutual funds was Rs. 5,721.31 crore as against Rs. 20,497.63 crore during FY 2007-08. The cumulative market value of assets under management of mutual funds decreased by 17.39% to Rs. 417,299.68 crore as on March 31, 2009 as compared to Rs. 505,152.44 crore as on March 31, 2008. The net inflows under Foreign Direct Investment (FDI) during the period April-December in FY 2008-09 were US$ 27.4 billion as compared to US$ 20 billion in the corresponding period of FY 2007-08.

Private Equity

The global financial situation also had its repercussions on the private equity investments in India. The overall private equity investment, as per our estimates, dipped to US$ 7.7 billion from 249 deals in FY 2008-09 as compared to US$ 17.9 billion from 313 deals in FY 2007-08. The average deal size also reduced as a result, to US$ 37 million in FY 2008-09 from US$ 62 million in FY 2007-08.

Year	Private Equity Investment (US$ MM)	Number of Deals	Average Deal Size (US$ MM)	Top Sectors where PE investments were made
2007-08	17,809	313	62	Real Estate, Telecom & Power
2008-09	7,712	249	37	Telecom, Real Estate & Financial Services

Source: JM Financial Estimates

With declining markets, the PIPE (Private Investment in Public Enterprises) deals also declined and the investors turned to unlisted enterprises for their investments. As a result, around 90% of the said investments in FY 2008-09, in terms of deal value, were in unlisted companies as compared to 72% in FY 2007-08.

Real Estate and Telecom continued to figure in the list of top sectors for FY 2008-09 as well as for FY 2007-08 together contributing about 43% and 47% of the total investments respectively.

The Indian private equity market is fast gaining recognition as a market to be in by the top private equity investors across the world. Today, 19 of the top 20 global private equity firms (who raised the maximum funds in the last 5 years) have their focus on doing deals in India with or without a direct presence.

Exchange Traded Currency Derivatives (ETCDs) were introduced in the Indian financial markets based on the report submitted by 'The RBI-SEBI Standing Technical Committee on Exchange Traded Currency Futures' in May 2008. It is expected that the ETCDs will facilitate efficient price discovery, enable better counterparty credit risk management, wider participation, trading of standardised product and reduce transaction costs. To begin with, currency futures contracts only on US Dollar - Indian Rupee (US$-INR) are permitted and FIIs and NRIs are not permitted to participate in ETCDs market.

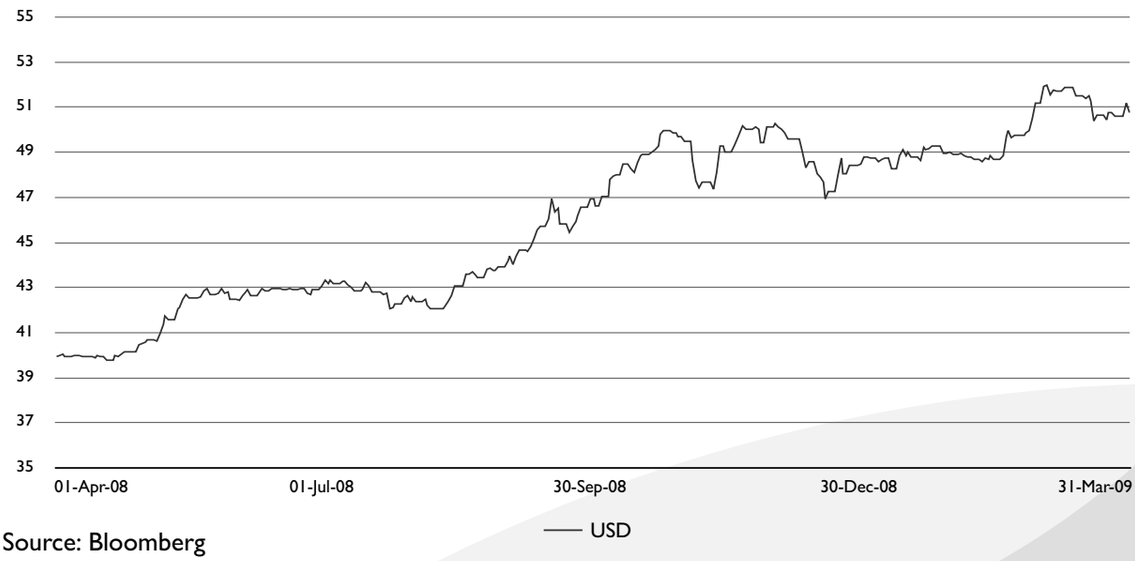
The outcome of the 15th Lok Sabha elections provided the much awaited relief to the secondary markets around mid-May 2009. However, the outlook for the domestic capital market in the short to medium term will be determined largely by the developments in global financial markets, domestic liquidity conditions and political events.

Forex Rates and Reserves

In FY 2007-08, the Indian Rupee (INR) had appreciated against major currencies owing to large capital inflows. However, in FY 2008-09, the trend reversed with the INR depreciating against major currencies, reflecting extra-ordinary developments in international financial markets and portfolio outflows by FIIs. The INR depreciated 21.55% against the US$, 6.51% against the Euro, 22.73% against the Japanese yen whereas appreciated 6.67% against the pound sterling during FY 2008-09 so as to close at Rs. 50.95 per US$, Rs. 67.48 per Euro, Rs. 51.87 per 100 yen and Rs. 67.48 per pound sterling as at end-March 2009.

As capital inflows during FY 2007-08 were far in excess of the normal absorptive capacity of the economy, there was substantial accretion to foreign exchange reserves to the tune of US$ 110.5 billion. The foreign exchange reserves declined during FY 2008-09 by US$ 57.7 billion from US$ 309.7 billion as at end-March 2008 to US$ 252 billion as at end-March 2009 (including valuation losses).

Indian Rupee vis-à-vis US Dollar (INR/US$)
April 1, 2008 to March 31, 2009



Source: Bloomberg

Fiscal measures by the Indian Government

To insulate the Indian economy from the effects of the global slowdown, the Indian Government announced fiscal stimulus packages providing tax relief to boost demand and increasing expenditure on public projects. The Central Government announced a Rs. 20,000 crore additional plan expenditure as part of a stimulus package to boost the economy hit by the global meltdown. It targeted infrastructure, housing, auto and Small and Medium Enterprises (SME) through this package. The Government has also reduced Central VAT (cenvat) by 4% on all products, barring petroleum and other items for which the rate was already lower, for the remainder of the financial year. Additionally, exporters, particularly those in labour-intensive sectors received specific allocation within the programme announced. The Central Government directed a part of the announced package towards the SME sector of the economy, including a 2% interest subsidy for labour-intensive exports. To ensure that infrastructure sector spending does not suffer due to funding constraints, Indian Infrastructure Finance Company Limited (IIFCL) was allowed to raise Rs. 10,000 crore in tax free bonds. As part of the efforts to boost the housing sector, public sector banks announced a package for home loan seekers in two categories - up to Rs. 500,000/- and between Rs. 500,000/- and Rs. 2,000,000/- at special interest rates.

In addition to the RBI taking a number of liquidity enhancing measures such as reduction in CRR, SLR and other key policy rates, the Government also undertook specific measures which included extension of export credit for labour-intensive exports, improving pre and post shipment credit availability, additional allocations for refund of Terminal Excise Duty/CST and export incentive schemes besides removal of export duty and export ban on certain items. A committee of secretaries was set up to address procedural problems faced by exporters. An excise cut of 4% announced earlier in the stimulus package in December 2008 was allowed to be continued beyond March 31, 2009.

The Central Government opted for interim budget (vote-on-account) instead of the regular budget and presented the interim budget on February 16, 2009, in view of its five-year term coming to an end. The vote-on-account highlighted the worsening state of fiscal position of the centre on account of the economic slowdown and the rising Government expenses. The Central Government on February 24, 2009 further announced a slew of economic measures to stimulate the economy. In order to provide relief to the industry which was reeling under the impact of the slowdown, a reduction in excise duty and service tax rates was announced. While the general excise duty was reduced from 10% to 8%, the rate of service tax was cut from 12% to 10% with immediate effect.

REGULATORY CHANGES

Across the world, financial markets are among the most intensely regulated markets. We constantly monitor the regulatory changes posing challenges and opportunities to our business operations. The Indian financial markets witnessed several regulatory changes during FY 2008-09.

Secondary Market

SEBI vide its circular dated April 3, 2008 permitted the stock exchanges and brokers to facilitate and offer Direct Market Access (DMA) to institutional participants. DMA is a facility which allows brokers to offer their clients direct access to the electronic trading system of the stock exchanges through the broker's infrastructure without manual intervention by the broker. Some of the advantages of DMA include direct control of clients over their orders, faster execution of orders, reduced risk of trade execution errors by dealers, greater transparency, lower impact costs for large orders and better use of hedging and arbitrage opportunities through the use of decision support tools/algorithms for trading.

SEBI at its meeting held on October 6, 2008 decided to put out a detailed consultative paper on regulatory framework governing the participation of FIIs in the Indian securities market, with a view to develop a comprehensive review of the existing framework. At the same meeting, while having a limited review of the existing FII regulations in respect of Offshore Derivative Instruments (ODIs), SEBI removed the restrictions imposed on FIIs in October 2007 on issue of ODIs against securities, including derivatives, as underlying. SEBI disapproved the activity of overseas lending/borrowing of shares in Indian companies by FIIs and the consequent selling pressure in the cash market in India. Cross margining facility for institutional trades which was introduced by SEBI in May 2008 to enable the market participants to efficiently use their margin capital was later extended to all market participants in December 2008. The SEBI proposal on upfront margining of institutional trades in the cash market was kept in abeyance due to difficulties expressed by market participants. As a result, institutional trades in the cash market continued to be margined on T+1 basis.

Primary Market

SEBI (Mutual Funds) Regulations, 1996 were amended to permit mutual funds to launch Real Estate Mutual Fund Schemes (REMFs). In order to reduce the market risk faced by investors and issuers and to ensure faster turnaround of money for investors, SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Listing Agreement were amended to reduce the timeline for a rights issue. These amendments would enable a rights issue to be completed within about 43 days as against the previous time frame of about 109 days. A new mode of payment called Application Supported by Blocked Amount (ASBA) was introduced for retail individual investors in public issues wherein the application money remains in the bank account of the investors till allotment of securities.

Non-Banking Financial Companies (NBFCs)

Taking into consideration the need for funds for expanding business and meeting capital adequacy requirements, RBI permitted non-deposit taking NBFCs with asset size of Rs.100 crore and above to augment their capital by issue of Perpetual Debt Instruments (PDIs) in accordance with the prescribed guidelines. Such PDIs are eligible for inclusion as tier I capital to the extent of 15% of total tier I capital as on March 31 of the previous accounting year. The amount of PDI in excess of amount admissible as tier I shall qualify as tier II capital within the eligible limits. Further, amount of funds raised by such NBFCs shall not be treated as 'public deposit' within the meaning of Clause 2 (1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998. The RBI, as a temporary measure, permitted non-deposit taking NBFCs with asset size of Rs. 100 crore and above to raise short-term foreign currency borrowings, under the approval route. The conditions governing the said foreign currency borrowings includes, among others, raising of resources with a maximum maturity period of three years with the objective of refinancing short-term liabilities and not for booking fresh assets.

New Regulations

SEBI (Intermediaries) Regulations, 2008 were notified, which seek to consolidate the common requirements such as grant of registration, general obligations, code of conduct, procedure for action in case of default and other miscellaneous provisions applicable to all intermediaries. SEBI (Issue and Listing of Debt Securities) Regulations, 2008 were notified in May 2008 to provide for issue and listing of debt securities which are not convertible, either in whole or in part into equity instruments. These regulations provide for rationalised disclosure requirements and reduction of certain onerous obligations erstwhile attached to an issue of debt securities, thereby according flexibility to issuers to structure their instruments, without diluting areas of

regulatory concern. SEBI (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 which came into force in May 2008 has enabled public issue and listing of securitised debt instruments on recognised stock exchanges.

Others

SEBI (Prohibition of Insider Trading) Regulations, 1992 were amended, inter alia, to restrict all directors, officers and designated employees of a listed company who buy or sell any number of shares of such listed company from entering into an opposite transaction i.e. sell or buy any number of shares during the next six months following the prior transaction and further prohibiting them to take positions in derivative transactions in the shares of the such listed company at any time. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 were amended in January 2009 to mandate the promoters of listed companies to disclose the details of shares pledged by them and the persons forming part of the promoter group to the concerned company and by such company to the Stock Exchanges where its shares are listed within the prescribed time and format.

(Source: Various reports and web-sites of RBI, SEBI, BSE, NSE, from print and electronic media)

OUR PROFILE

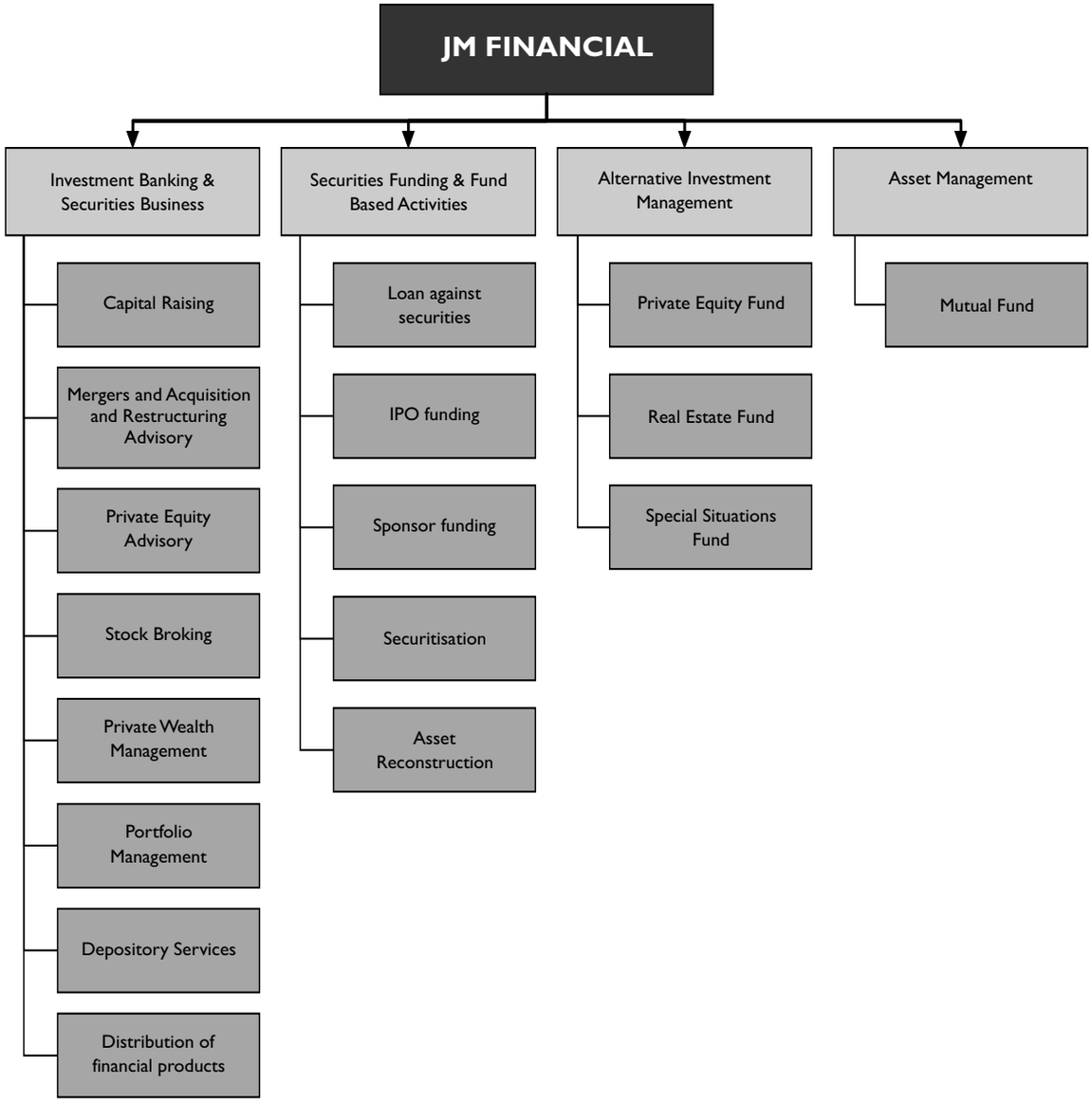
JM Financial is one of India's leading financial services groups offering a wide range of services to a significant clientele that includes corporations, financial institutions, high net-worth individuals and retail investors. JM Financial is a value-driven organisation with its values of integrity, teamwork, innovation, performance, implementation and partnership forming the foundation to its approach.

BUSINESS MODEL

Over a period of time, JM Financial Limited ('the Company') has developed a business model wherein it functions as the group holding company and operates through its subsidiaries, joint venture and associate companies forming a well diversified yet integrated financial services group known as 'JM Financial'. Over three decades, JM Financial has been and continues to be one of the most reputed and trusted brands in the financial services domain in India. The Company through its subsidiaries, joint venture and associate companies, offers a bouquet of financial services and products under the brand of JM Financial which includes investment banking, institutional equity sales, trading, research and broking, wealth management, equity broking, portfolio management, asset management, commodity broking, Non Banking Financial Company (NBFC) activities, private equity fund, real estate fund, special situations fund and asset reconstruction. All these businesses are headed by experienced and proactive professional managers having deep understanding of the financial markets and expertise in their respective businesses. The contemporary approach of these professionals and the deep rooted fundamental values of JM Financial together form the bedrock for the business operations of the Group. This has enabled the Company to develop a unique strength and capability which gives it a competitive edge.

OUR BUSINESSES

Our businesses are categorised into four broad segments. The chart below illustrates the segments and the activities of the Group.



Investment banking and securities business

Our investment banking business provides a wide range of services which includes equity and debt capital market services, mergers, acquisitions & restructuring and capital raising advisory. Our expertise lies in our quality advice and ability to execute transactions customised to suit specific client requirements. Our Mergers, Acquisition & Restructuring Division (MARD) comprises qualified and experienced professionals who have thorough understanding of the regulatory and financial framework of the Indian corporate and business environment. The team specialises in providing strategic and financial advice to our clients on all kinds of mergers and acquisitions. Our private equity advisory group focusses on growth financing from private equity funds for companies across sectors.

Our institutional equities business is engaged in equity sales, trading and research. We provide equity sales and trading services to a large number of institutional investors including FIIs. Our focus on high quality research compliments our trade execution capabilities. Our services revolve around three key areas:

- High quality research with a focus on new stock ideas
- Intensive client servicing to keep them abreast of key corporate/market trends
- Efficient trade execution to give our clients the best possible price and hassle-free post trade settlements

We offer investment advisory and wealth management services to corporates and individuals including High Net-worth Individuals (HNIs) with a strong emphasis on forging long term relationships. We also distribute third party financial products to retail investors through a large network of Independent Financial Advisors.

Securities funding and fund based activities

We provide financing against securities, IPO funding and sponsor funding to a diverse range of clients. We are engaged in the business of identifying, acquiring and selling down debt assets through a range of structured products. We have also commenced the business of asset reconstruction during FY 2008-09.

Alternative Asset Management

We manage funds of institutional and large non-institutional investors under various schemes for investments under mandated charter such as Private Equity Fund, Real Estate Fund and Special Situations Fund. Our strategy is to focus on asset quality and asset mix to achieve superior returns.

Asset Management

We manage assets of JM Financial Mutual Fund, one of India's first private sector mutual funds, raised through several schemes offering a wide range of investment options that cover the entire risk spectrum thereby serving the needs of a large number of investors.

BUSINESS PERFORMANCE

The operational performance of each of our business segments is discussed in detail hereinafter.

Investment banking and securities business

We acted as the book running lead manager and advisor to many large and key transactions. On the Mergers & Acquisitions side, we acted as the advisor in major landmark transactions. We also advised on some key private equity transactions.

Our investment banking business was adjudged as the 'Best Equity House' by Finance Asia Country Awards 2009 and as the 'Best Merchant Banker - Runners up' by Outlook Money NDTV Profit Awards.

The institutional equities business built up the necessary infrastructure required to provide high quality research and trade execution services to its clients and also empanelled with several large institutional investors, both domestic and foreign. Our research team is well balanced with the right mix of analysts from the industry and with sell-side experience, assisted by bright young associates. The focus is to add value by strong industry insights and analysis on a number of variables to help institutional clients in making their investment decisions. We are looking at substantially scaling up the business in the current year subject to markets remaining stable.

The investment advisory business continued its focus on secondary equity market, wealth management services (both corporate and private) and distribution of financial products. The performance of its various business groups is as below.

Our non-institutional Equity Broking Group increased its reach to 44 cities of India during the year, as compared to 21 cities in FY 2007-08 by adding 3 branches and 61 franchisees/sub-brokers to its network. Our investment advisory and wealth management business was ranked amongst India's Top 10 wealth management firms by the Euromoney Polls for 'Best Private Banking Services'. Our investment advisory business was ranked No. 1 both in terms of volume as well as number of applications in the issue of Non-convertible Debentures (NCD) of Tata Capital Ltd.

During the year, we acquired the trading memberships of the currency derivatives segment of National Stock Exchange of India Ltd. and MCX Stock Exchange Ltd. and started offering broking services in currency derivatives. Considering the volume of trades in the OTC forex market, we believe that this product, though at present is at a nascent stage, has great potential for growth.

The fixed income business renewed its focus on secondary market broking and back to back principal transactions in significantly less risky credits. We have also strengthened our debt syndication capabilities during the year.

The commodities broking business continued to provide broking services to select clients trading in commodities on Multi Commodity Exchange of India Ltd. (MCX) and National Commodities & Derivatives Exchange Ltd. (NCDEX). Going forward our strategy would be to observe regulatory, volume and profitability trends and capitalise on emerging opportunities.

Securities funding and fund based activities

The activity of IPO financing was adversely impacted due to the absence of the primary market issuances. Despite great amount of adversity in the markets, our margin funding book as well as net interest income of NBFC has grown during the year.

CRISIL re-affirmed the "P1+" Rating for the short-term debt programme of NBFC. This indicates that the degree of safety with regard to timely payment of interest and principal on the instrument is very strong.

We received in September 2008, the RBI registration for securitisation and asset reconstruction business and commenced in December 2008, the business of asset reconstruction. The Company owns 49% of the equity capital in this company, the maximum permitted under the regulations for a single investor. Balance 51% equity capital is owned by reputed public sector banks and ultra high networth individuals. We aim to focus on acquisition of non-performing and distressed assets from banks and financial institutions. Our business strategy is a mix of portfolio acquisitions as well as single credits.

With the level of NPAs on the rise and expectation of new players entering the market, the future of asset reconstruction business looks highly competitive and challenging. In any case, asset reconstruction companies are likely to play an important role when the financial system will witness an increased number of distressed assets.

Alternative Asset Management

JM Financial India Fund has made investment in seven companies in various business segments and at different stages of lifecycle. During the year, the fund successfully exited from the high end fashion portfolio company at an IRR of 104% p.a. (and a cash multiple of 2.7 times) thereby establishing a successful exit track record.

JM Financial Property Fund was set up as a domestic venture capital fund registered with SEBI to invest in commercial, residential, retail and hospitality assets as well as real estate development companies. The schemes of this fund are managed by Infinite India Investment Management Pvt. Ltd., a 50:50 joint venture between JM Financial Limited and SRS Private Investment Management LLC (SRS).

The special situations fund aims to capitalise on the varied investment opportunities that are expected to deliver robust growth over the long term and as such need patient capital. Our investment philosophy for special situations fund is to develop a risk-balanced investment portfolio with a focus on mid-stage & growth-stage investments.

Asset Management

As a result of the severe liquidity crunch witnessed by the financial markets during September - October 2008 and a steep fall in the Equity Capital markets, the Assets Under Management (AUM) of JM Financial Mutual Fund fell sharply. The fall was the result of both, fall in NAV and redemption by investors. JM Financial Mutual Fund met all redemption requests on due dates and without any negotiations despite many mutual funds having to delay payments due on redemptions. The AUM stood at Rs. 3,758.50 crore on March 31, 2009 divided among Debt, Equity and Arbitrage Schemes.

FINANCIAL PERFORMANCE

The financial performance of the Company and its subsidiaries was adversely affected by the repercussions of the global financial crisis resulting in liquidity crunch, lower volumes on stock exchanges, drying up of primary market activities and bearish market conditions throughout the financial year 2008-09. The Company on a consolidated basis, posted a lower gross income of Rs. 425.83 crore during the year as against Rs. 742.29 crore in the previous year and incurred a loss before tax of Rs. 78.48 crore as against profit before tax of Rs. 280.15 crore (before exceptional item) during previous year.

The Company and its subsidiaries, as a matter of abundant caution, made a provision for diminution in the value of shares in listed companies held as long term investments aggregating Rs. 136.72 crore. The amount of loss incurred, on consolidated basis, as stated above is after considering the said provision for diminution in the value of shares.

On a standalone basis, the Company earned a lower gross income of Rs. 24.54 crore during the year as against Rs. 36.70 crore in the previous year and earned a profit before tax of Rs. 13.15 crore as against profit before tax of Rs. 28.77 crore (before exceptional item) earned during previous year. The net worth of the Company at the year end stands at Rs. 1,646.37 crore which translates into a book value of Rs. 21.96 per share of the face value of Re. 1/-. The Statement containing the individual financial performance of the subsidiary companies forms part of this Annual Report.

OUTLOOK & STRATEGY

India has now become a trillion dollar economy with the services sector accounting for a bulk of the incremental GDP growth. Considering the growth prospects of India in the long-term and the various opportunities that will emerge across different sectors from time to time, we continue to remain enthused about the manifold growth of the financial services sector in India. However, the growth curve may not move steadily upwards and in the short to medium term, multiple challenges would tamper the speed of growth in various businesses. The capital markets in India have performed well over the past few years barring FY 2008-09 and certain level of moderation in growth is likely to take place in the near-term depending upon the depth of the global economic recession, the pace of recovery and the Indian macro economic scenario. This is not the first time that the global economy is passing through a chaotic environment, nor presumably the last. We continue to be optimistic and believe that the Indian markets will see a pull back and continue their northward journey once the global markets stabilise and to some extent even before that.

Our goal has always been to achieve and maintain long-term steady growth in business, both operationally and financially. Our strategy for achieving this goal is to build a business model that is well diversified across financial market activities with unique strengths in each business, building on synergies and the readiness to navigate through turbulent market cycles through effective risk management.

With an eye on growth, synergies and market leadership, we keep expanding our portfolio of financial services and products, gaining competencies across our businesses, investing in human capital and upgrading technology. Given the inherent linkage of most of our businesses 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. Our strategic focus on diversified activities in the financial services sector will help stabilise base level of earnings even as active capital markets will enhance the earnings.

OPPORTUNITIES & THREATS

We perceive the low retail penetration of financial services and products in India as a huge business opportunity for us. With increase in the income levels and risk taking abilities of the youth, the India growth story continues to move ahead at a steady pace. India's attractive demographic profile will facilitate multiplier growth in the financial services sector. The steadily increasing number of HNIs in the country will create new opportunities for our alternative asset management business as the need for customised wealth management solutions will increase. More and more foreign companies and institutions are looking at emerging markets like India as a business destination. The number of FIIs registered with SEBI is increasing year after year, thereby indicating greater participation by them in the coming years and giving greater opportunity to our institutional securities business. While the funding business will face some challenges for a while, we believe that distressed assets will offer several interesting opportunities for our newly commenced asset reconstruction business.

The weak global and domestic economic environment during FY 2008-09 has presented a huge threat to Indian financial services sector as the slowdown in the economy led to liquidity crunch and FIIs withdrew funds from offshore economies. Political stability always has a direct correlation with the investment environment of any economy and forms a crucial factor in determining investor sentiments. The emphatic win of Congress in the recently concluded national elections has presented an optimistic scenario for the Indian business, economy and capital markets. The changes in government policies, if any, are likely to direct the Indian capital markets for a while. Although we have demonstrated our ability to build and maintain a strong team of professionals for our businesses, the continuous demand for experienced and skilled human capital is one of the major challenges

faced by any financial firm operating on a large scale like us. We face stiff competition in all our businesses from domestic and multinational players operating in India. New entrants in the Indian financial markets will also add to the increased competition for our various businesses.

RISKS & CONCERNS

Being in the financial services sector, we are primarily exposed to various risks like market risk, credit risk, liquidity risk, operational risk, regulatory & reputational risk, competition risk, business continuity risk and general risks arising out of various macro economic factors. Our exposure to these risks makes it necessary for us to recognise, evaluate and manage them in a timely and effective manner. The above risks are discussed in detail below:

Market risk

Investments in quoted securities are vulnerable to fluctuations in stock markets. We are exposed to potential changes in the value of financial instruments held by us caused by fluctuations in interest rates, equity and commodity prices and/or other risks. Any decline in the price of our investments in quoted securities may affect our financial performance and position. Our business operations are exposed to risks arising from changes in economic conditions, investor sentiments, monetary and fiscal policies, developments in global markets, availability and cost of capital, international and regional political events and acts of war or terrorism.

Credit risk

Credit risk is the risk of failure of the borrower to meet financial obligations to the lender. We are exposed to potential credit-related losses that can occur as a result of the failure or inability of a counter party or client to honour its contractual obligations to us. Such exposure would arise on credit extended to clients through loans or other arrangements on account of weakened financial position of counter party or fall in the value of securities held by us as collateral. As our credit exposure increases, it could have an adverse effect on our business and profitability, if material unexpected credit losses occur.

Operational risk

Operational risk relates to the risk of loss arising from shortcomings or failures in internal processes, people or systems or from external events. Operational risk arises from many factors ranging from routine processing errors to potentially major incidents like major systems failure.

Liquidity risk

We are exposed to liquidity risk, which is the potential inability to repay short-term borrowings by arranging new borrowings or quick liquidation of assets in a timely manner. Our liquidity may be impaired due to circumstances that are beyond our control, such as severe liquidity crunch in the market, general market disruption or disruptions for any specific class of assets or an operational event. Our ability to sell our assets may also be impacted if many other market participants are seeking to sell similar assets at the same time or market demand for such assets is low.

Regulatory & reputational risk

Regulatory risk arises from changes in laws, rules and regulations governing business. All our businesses are highly regulated and any statutory or regulatory non-compliance could have an adverse effect on our reputation. New laws or regulations or changes in the enforcement of existing laws and regulations may also

adversely affect our businesses. As we expand our range of products and services, we will encounter new challenges under various laws and regulations.

Competition risk

The financial services industry is facing an increasing competitive environment and our business growth depends on our preparedness and ability to compete effectively. We compete with domestic and multinational financial firms operating in India on the basis of price, range and quality of services and products that we offer and product and service innovation. Considering the growth prospects in the financial services sector, more and more individuals and companies have entered this sector. Liberalisation of the Indian financial sector has eased the entry of foreign financial services companies in India offering a wider range of products and services, which could significantly toughen the environment. Attrition of our key personnel to our competitors also poses a risk to our business.

Business continuity risk

In the event of contingencies such as natural calamity, break down of infrastructure, war or acts of terrorism, we may not be able to conduct our regular business operations and service our clients. In such cases, we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.

Risk management

We appreciate that timely and effective risk management is of prime importance to our success. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage the principal risks we encounter in conducting our business activities. We follow a group-wide approach to risk management wherein a team of experienced professionals identifies, evaluates and monitors the risks affecting our businesses. The risk department analyses periodically various risks, monitors and reviews policies and procedures and formulates plans for control of identified risks and improvements in the systems. A risk update report is regularly placed before the Board of Directors of the Company as well as respective operating companies. The directors review the risk update reports and the course of action taken or to be taken to mitigate and manage the risks.

Our bouquet of activities in financial services helps mitigate risks arising from product or client concentration. We have clearly laid down procedures for evaluating new clients, transactions and products. Various quantitative and qualitative parameters are laid down to evaluate the transactions and clearance to progress on the transaction is given only after due process of evaluation and upon completion of the necessary documentation. The loans and investment portfolios are continuously monitored, post disbursement of funds, to proactively address credit risk and take appropriate measures for recovery of funds or divestment.

Most of our operating procedures have maker-checker system in place to avoid processing errors. We have a strong financial position wherein all our businesses are adequately capitalised and we have access to appropriate credit lines to address liquidity risk. Each of our businesses has a compliance team directly reporting to the Group Head - Compliance & Legal. This team monitors compliance with the applicable laws, rules, regulations and guidelines and circulars issued by regulators as well as with internal codes and policies. We continue to monitor all the regulatory changes and evaluate the challenges and opportunities they pose to our businesses. Our strong brand image, wide distribution network and diversified and innovative products and services place us at an advantageous position vis-à-vis our competitors. Our businesses have a Business Continuity Plan (BCP) in place that helps us handle emergencies and avoid/minimise possible damage to our business data, property and people.

INTERNAL CONTROL SYSTEMS

We have adequate internal control systems and detailed operating procedures to ensure operational efficiency, protection and conservation of assets, resources, accuracy and promptness in financial reporting and effective statutory compliance. All major operating processes are standardised and documented whereby responsibilities are assigned to concerned individuals.

All our operating companies have appointed independent audit firms to conduct the internal audit of their operations. Internal Auditors carry out/undertake/conduct regular extensive audit throughout the year, for evaluating the adequacy and effectiveness of internal controls and procedures as well as compliance with applicable regulatory and other legal requirements. The internal audit reports are submitted to the audit committee of the board of the respective companies.

The audit committee of the board regularly reviews the internal audit reports, findings of the statutory auditors, adequacy and effectiveness of internal controls and procedures and compliance with accounting standards. Further, internal control systems and all operating procedures are continuously monitored and improved to match the organisation's pace of growth and increasing complexity of operations as well as to meet the changes in statutory and accounting requirements. Significant matters, if any, are reported to the board of directors of the respective companies. This system and process review across all businesses enables us to capture a precise reflection of the organisation's position at all times and also facilitates the timely detention of anomalies thereby providing an objective assurance regarding the adequacy and effectiveness of the internal control systems.

CORPORATE SOCIAL RESPONSIBILITY

We, through JM Financial Foundation, are actively involved in several community development initiatives to promote the well-being of the lesser privileged in the society. JM Financial Foundation continues to support a wide range of socio-economic, educational and health initiatives.

JM Financial Foundation has initiated and partnered several projects with reputed NGOs such as Akanksha Foundation, Sunbeam Foundation, KC Mahindra Trust's Nanhi Kali, Round Table India, The Society for Rehabilitation of Crippled Children in various ways to promote education and good health. Some of these initiatives include mentorship programmes, construction of classrooms, funding Balwadis & medical treatment and so on.

JM Financial and its employees also continue to contribute regularly towards several relief operations carried out during calamities or disasters such as the Bihar Flood Relief operations.

HUMAN RESOURCES

JM Financial is a dynamic organisation that fosters a conducive work environment full of exciting opportunities with reward and recognition mechanism. We offer an entrepreneurial culture with a team-based approach that encourages growth and motivates our employees. Individual goals are derived from the organisational objectives to ensure complete alignment and commitment. Our people continuously demonstrate passion for new ideas which is appreciated and nurtured, paving the way for them to excel individually and as teams. With trust as the underlying principle at JM Financial, we lay strong emphasis on client focus, integrity, innovation, implementation, teamwork, performance and partnership.

We recognize our people as one of our most important assets and we value their talent and dedication towards the growth of JM Financial. We are an equal opportunity employer and our employee profile reflects a balance of age and gender mix. Employee compensation has a fixed component that is benchmarked to the industry standards and a variable component linked to the business and individual performance. With this, we have been able to attract and retain an interesting mix of competent professionals from diverse backgrounds and continue to seek fresh talent to enhance and grow our businesses.

Our total employee strength as at March 31, 2009 was 1056 growing from 1015 at the beginning of the year. We believe that training is vital to build skills and leadership traits in the employees of a growth oriented organization like ours and we arrange several training sessions for our employees on a regular basis. As a part of our constant endeavour to provide an environment based on trust, credibility, respect, fairness, individual growth and teamwork, an in-house Employee Engagement Survey was conducted during the year to learn more about our employees' opinions, views and areas of satisfaction and sources of improvement.

JM Financial Consultants Pvt. Ltd. was one of the Top 50 companies in the 'Best Workplaces Survey 2009' carried out by Great Place to Work Institute in collaboration with The Economic Times for the second consecutive year.

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 statement 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. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

We at JM Financial, believe that the operations and actions of the Company must serve the underlying goal of enhancing overall investor value, over a continuous period of time while delivering fair and equitable treatment to all its stakeholders including employees, customers, shareholders, investors and society at large.

We believe that corporate governance is not only a set of rules that define the relationship between stakeholders, management and Board of Directors of a company but it also influences the way a company operates. At its most basic level, corporate governance must deal with issues and conflicts that result from the separation of ownership and control.

Good corporate governance ensures that the business environment is fair and transparent. Conversely, weak corporate governance leads to waste and mismanagement. Regardless of the type of venture, only good governance can deliver sustainable good business performance.

JM Financial Limited (the Company), therefore believes in demonstrating the highest level of accountability, maintaining highest standards of transparency, timely disclosures and dissemination of price sensitive information and matters of interest to its investors, ensuring thorough compliance with all applicable laws and regulations and conducting business in an ethical manner.

2. BOARD OF DIRECTORS ("THE BOARD"):

The Directors of the Company have been appointed keeping in mind the Company's size, complexity and business. The Board has varied expertise and is committed to its duties and responsibilities.

a. Composition of the Board

Presently the Board comprises

Mr. Nimesh N Kampani	-	Chairman & Managing Director, Executive Director
Mr. M R Mondkar	-	Independent and Non-executive Director
Mr. Ashith N Kampani	-	Non-executive Director
Mr. E A Kshirsagar	-	Independent and Non-executive Director
Mr. D E Udwadia	-	Independent and Non-executive Director
Dr. Pravin P Shah	-	Independent and Non-executive Director
Mr. Paul Zuckerman	-	Independent and Non-executive Director

Requirement of Law

The composition of the Board is governed by the Companies Act, 1956 (the Act), the Articles of Association of the Company and the Listing Agreement executed by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Articles of Association of the Company read with Section 252 of the Act prescribe that the minimum number of directors should be three. As per Section 269 of the Act, a public company having a paid up share capital of rupees five crore and above should have a Managing Director or a Whole-time Director or the Manager. The Listing Agreement requires that the Board shall have an optimum combination of Executive and Non-executive Directors with not less than fifty percent of the Board comprising of Non-executive Directors. It further states that, where the Chairman of the Board is an Executive Director, at least half of the Board should comprise of Independent Directors.

Practice followed by the Company

The Board of the Company comprises seven Directors, which is in accordance with the requirements of the Articles of Association of the Company and the Act, together with the requirements of the Listing Agreement. Mr. Nimesh N Kampani is the Chairman & Managing Director of the Company. Out of the total seven Directors of the Board, five are Independent and Non-executive Directors.

b. Brief Profile of Directors

Brief resume of all the Directors, including those who are proposed to be re-appointed at the forthcoming Annual General Meeting (AGM), nature of their expertise in specific functional areas and names of the companies (other than foreign companies, Section 25 companies and private limited companies) in which they hold directorships, memberships/chairmanships of board committees and their shareholding in the Company as on July 21, 2009 are given hereafter.

Name of the Director	Mr. Nimesh N Kampani
Age & Qualification	63 years, B.Com., FCA
Background	Mr.Nimesh N Kampani is the founder and chairman of JM Financial Group. In his career spanning more than three and a half 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. Mr. Kampani is currently : ▪Member of the Primary Market Advisory Committee of the Securities and Exchange Board of India (SEBI). ▪Member of the Corporate Bond & Securitization Advisory Committee of SEBI. ▪Member of the Selection Committee for Identification of Chair Professors in National Institute of Securities Markets established by SEBI. ▪Member of the Governing Council of the Indian Institute of Capital Markets. ▪Member on the Governing Board of the Centre for Policy Research. ▪Member on the Bloomberg Asia Pacific Advisory Board. ▪Member on the Advisory Board of Rieter India Private Limited. Mr. Kampani has served as a member on several important committees constituted by the Bombay Stock Exchange Limited, Federation of Indian Chambers of Commerce and Industry (FICCI), Institute of Chartered Accountants of India, National Stock Exchange of India Limited and SEBI. He was a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre. He was also a member of the National Council of Confederation of Indian Industry (CII) and Chairman of the CII's National Committee on Capital Markets. 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.
Directorships in other Public Companies	Mr. Kampani is on the Board of the following other public companies: ▪Apollo Tyres Limited ▪Britannia Industries Limited ▪Deepak Nitrite Limited ▪KSB Pumps Limited ▪Kampani Consultants Limited ▪JM Financial Consultants Private Limited } Subsidiaries of a public company ▪JM Financial Services Private Limited } Subsidiaries of a public company ▪JM Financial Securities Private Limited } Subsidiaries of a public company

Membership of Committees in other Public Companies	Name of the Company	Audit	Shareholders' Grievance
	Britannia Industries Limited	Chairman	Member
	KSB Pumps Limited	Chairman	—
	JM Financial Services Private Limited	Chairman	—
Shareholding in the Company	135,357,500 equity shares		

Name of the Director	Mr. M R Mondkar
Age & Qualification	78 years, B.Sc., LL.B
Background	▪Mr. Mondkar has held various prestigious positions in organizations like ICICI Limited and J. M. Financial & Investment Consultancy Services Private Limited (JMFICS). ▪He was involved in setting up the merchant banking division of ICICI Limited in 1972-73. ▪He was also involved in setting up of Housing Development Finance Corporation Limited (HDFC) on behalf of ICICI Limited which was then the promoter of HDFC. ▪He was associated with JMFICS as President from 1992 to 1996. ▪He is also a Member of the Listing Committee of the National Stock Exchange of India Limited.
Directorships in other Public Companies	Mr. Mondkar is on the Board of JM Financial Products Private Limited – Subsidiary of a public company
Membership of Committees in other Public Companies	**Name of the Company** / **Audit** JM Financial Products Private Limited / Chairman
Shareholding in the Company	Nil

Mr. Mondkar is liable to retire by rotation, and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Name of the Director	Mr. Ashith N Kampani
Age & Qualification	45 years, B.Com.
Background	▪Mr. Ashith N Kampani has 28 years of experience in capital markets servicing all segments - retail, high net-worth individuals, corporate and institutional investors in India and abroad. ▪Mr. Kampani currently heads institutional corporate marketing and business development of JM Financial Group. ▪Mr. Kampani is the younger brother of Mr. Nimesh N Kampani.
Directorships in other Public Companies	Mr. Kampani is on the Board of Satnam Apartments Limited
Shareholding in the Company	52,775 equity shares

Name of the Director	Mr. E A Kshirsagar
Age & Qualification	67 years, B.Sc., FCA (India) and FCA (England & Wales)
Background	▪Mr. Kshirsagar is a specialist in corporate strategy and structure, disinvestments – central/state government, private sector. ▪He was associated with the management consultancy division of AF Ferguson for over three decades and retired in 2004 as Director-in-Charge.
Directorships in other Public Companies	Mr. Kshirsagar is on the Board of the following other public companies: ▪Batliboi Limited ▪HCL Infosystems Limited ▪Merck Limited ▪Rallis India Limited ▪Tata Chemicals Limited

Membership of Committees in other Public Companies

Name of the Company	Audit	Shareholders' Grievance
Batliboi Limited	Member	—
HCL Infosystems Limited	Member	Member
Merck Limited	Member	—
Rallis India Limited	Chairman	Chairman
Tata Chemicals Limited	Member	—

Shareholding in the Company	Nil

Name of the Director	Mr. D E Udwadia
Age & Qualification	69 years, M.A., LL.B
Background	▪Mr. Udwadia is a Solicitor and Advocate of the Bombay High Court and also a Solicitor of the Supreme Court of England. ▪Mr. Udwadia is a founder partner of M/s Udwadia & Udeshi, Solicitors & Advocates. He was a partner of M/s Crawford Bayley & Co., Solicitors & Advocates, for 20 years, prior to setting up the law firm of M/s Udwadia & Udeshi. His firm and he are legal advisors to many Indian companies, multinational companies and foreign banks, having a presence in India. ▪Mr. Udwadia has spent over 44 years in active law practice and has vast experience and expertise in areas like corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, telecommunications, international loan and finance related transactions and instruments, real estate and conveyancing.
Directorships in other Public Companies	Mr. Udwadia is on the Board of the following other public companies: ▪ABB Limited ▪ADF Foods Limited ▪AstraZeneca Pharma India Limited ▪The Bombay Burmah Trading Corporation Limited ▪Coromandel Fertilisers Limited ▪Development Credit Bank Limited ▪Eureka Forbes Limited ▪ITD Cementation India Limited ▪Mechanalysis (India) Limited ▪MPS Limited ▪Wyeth Limited ▪WABCO-TVS (India) Limited ▪JM Financial Consultants Private Limited - Subsidiary of a public company

Membership of Committees in other Public Companies

Name of the Company	Audit	Shareholders' Grievance
ABB Limited	Member	Chairman
AstraZeneca Pharma India Limited	Member	–
The Bombay Burmah Trading Corporation Limited	Member	–
Development Credit Bank Limited	Member	–

	ITD Cementation India Limited	Member	–
	MPS Limited	Member	–
	Wyeth Limited	Member	–
	WABCO-TVS (India) Limited	Member	–
	JM Financial Consultants Private Limited	Member	–
Shareholding in the Company	Nil		

Name of the Director	**Dr. Pravin P Shah**	
Age & Qualification	65 years, B.Com (Hons.) CWA, FCA, Ph.D.	
Background	Dr. Shah is a Partner, M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 39 years of experience (including 6 years in the United States of America) in the areas of financial consultancy, corporate structuring/restructuring, taxation, management consultancy, valuation, property matters and accounting. He has contributed several technical papers at conferences and published books and articles in India and the USA on the above mentioned subjects.	
Directorships in other Public Companies	Dr. Shah is on the Board of following other public companies: Adani Enterprises Limited Bombay Rayon Fashions Limited Claris Lifesciences Limited Jai Corp Limited JM Financial Consultants Private Limited } Subsidiaries of a public company JM Financial Services Private Limited } Subsidiaries of a public company	
Membership of Committees in other Public Companies	**Name of the Company**	**Audit**
	Adani Enterprises Limited	Member
	Claris Lifesciences Limited	Member
	Bombay Rayon Fashions Limited	Chairman
	JM Financial Consultants Private Limited	Member
Shareholding in the Company	Nil	

Dr. Shah is liable to retire by rotation, and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Name of the Director	Mr. Paul Zuckerman	
Age & Qualification	64 years, B.A. (Hons.), M.A., Ph.D.	
Background	▪Mr. Zuckerman, Chairman & CEO of Zuckerman & Associates Ltd., has been associated with various international organisations, including World Bank and International Institute of Tropical Agriculture, Ibadan, Nigeria. ▪He was Vice Chairman, SG Warburg International, prior to its acquisition by UBS. In this capacity, he was closely associated with Indian companies in the early days of globalisation.	
Directorships in other Public Companies	Mr. Zuckerman is on the Board of following other public companies: ▪Great Eastern Energy Corporation Limited ▪Tech Mahindra Limited	
Membership of Committees in other Public Companies	**Name of the Company**	**Audit**
	Great Eastern Energy Corporation Limited	Member
	Tech Mahindra Limited	Member
Shareholding in the Company	Nil	

c. Number of Board Meetings

Requirement of Law

As per the requirements of the Act read with the provisions of Listing Agreement, the Board of a company should meet at least once in every three months and at least four such meetings should be held every year with a maximum time gap of four months between any two meetings.

Practice followed by the Company

The Company strives to hold at least six board meetings in each year, of which four meetings, one in each quarter, include the agenda for review of the financial results. The maximum time gap between any two consecutive meetings does not exceed four months.

d. Place of Board Meetings

The meetings of the Board of Directors are generally held at the registered office of the Company in Mumbai.

e. Arranging Board Meetings

Meetings are generally scheduled in advance and the notice of each board meeting is given in writing to each Director. In special and exceptional circumstances, additional or supplementary items on the agenda are allowed to be considered with the permission of the Chair. The Company Secretary, in consultation with the business teams and the Chairman, prepares the detailed agenda for the meetings. The Members of the Board are also free to recommend inclusion of any matters in the agenda for discussion. All material information is incorporated in the agenda papers to facilitate meaningful and focused discussions at the meetings. The Board papers, agenda and other explanatory notes are circulated to the Directors in advance. The Board has unfettered and complete access to information and to employees within the Company. All the departments in the Company communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the board meetings.

The Company held six board meetings during the financial year 2008-09, on the dates given below:

April 29, 2008	May 28, 2008
July 25, 2008	October 27, 2008
December 9, 2008	January 30, 2009

f. Information placed at Board Meetings

The following information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is made available to the Board for discussion and consideration at board meetings.

- Annual operating plans and budgets, capital budgets and updates, if any.
- Quarterly results of operating divisions or business segments.
- Minutes of meetings of audit, compensation and shareholders' grievance committees, as well as abstracts of circular resolutions passed.
- Information on recruitment of senior officers in the Company, if any.

- Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- Fatal or serious accidents or occurrences of events such as fire, if any.
- Material default in financial obligations to and by the Company, if any.
- Issue that involves possible public or service liability claims of a substantial nature, if any.
- Details of any joint venture, acquisition of companies or businesses or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant employee related problems, if any and their proposed solutions.
- Sale of investments, subsidiaries and assets, if any, which are not in the normal course of business.
- Details of foreign exchange exposure, if any.
- Non-compliance, if any, of regulatory, statutory or listing requirements as well as investor services such as non-payment of dividend and delays in share transfers.

Besides the above information, the following information related to the subsidiary companies engaged in various operating businesses, is also placed before the Board to provide the Directors an update on all businesses and functions across the Group:

- Business review for the period between two board meetings.
- Minutes of the meeting of the board of directors of the operating subsidiaries.
- Details of any major events having an impact on the business operation, compliance matters and employee related matters.
- Steps taken to ensure business continuity planning and ongoing initiatives.
- Risk update reports of group companies.
- Presentation by business teams of the respective business under their management.

The Company Secretary also places before the Board an action report on the implementation of the decisions of the Board in the form of matters arising from the previous meeting(s) for the follow up and information of the Directors. The Company Secretary also 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.

g. Review of information by the Board Members

The Board reviews, periodically, certificates confirming compliance of all laws applicable to the Company as well as of its subsidiaries, and steps taken by the Company to rectify instances of non-compliance, if any. The Company has also laid down a procedure to inform Board Members about the risk assessment and minimization procedure. These procedures are periodically reviewed to ensure that executive management manages risk through a properly defined framework.

h. Other important points related to Board Meetings

The average duration of the board meetings held is approximately four hours. The senior management is invited to attend the board meetings to provide additional inputs in relation to the matters being discussed by the Board. Urgent matters are also considered and approved by passing resolutions through circulation. The minutes of each Board/Committee meetings are recorded in the Minutes Book.

i. Attendance of Directors at Board Meetings, last AGM and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies :

Name of the Director	No. of Board Meetings attended during the financial year 2008-09	Whether attended the AGM held on July 25, 2008	No. of Directorships in other Indian public companies as on March 31, 2009	No. of Committee positions held in other public companies* as on March 31, 2009	
				Chairman	Member
Mr. Nimesh N Kampani	5	Yes	8	3	1
Mr. M R Mondkar	6	Yes	1	1	-
Mr. Ashith N Kampani	5	Yes	1	-	-
Mr. E A Kshirsagar	6	Yes	5	2	5
Mr. D E Udwadia	6	Yes	13	1	9
Dr. Pravin P Shah	5	Yes	6	1	3
Mr. Paul Zuckerman	6	Yes	2	-	2

* Represents Chairmanship / Membership of Audit Committee and Shareholders' Grievance Committee.

The directorships held by Directors as mentioned above, do not include alternate directorships, directorships in foreign companies, Section 25 companies and private limited companies.

No Director of the Company is a director in more than 15 Indian public companies, or a member of more than 10 Committees or acted as Chairman of more than 5 Committees across all companies in which he is a director.

j. Code of Conduct

The Code of Conduct has been formulated for all the Board Members and senior employees of the Company. The Code of Conduct is also posted on the website of the Company, viz. www.jmfinancial.in. All the Board Members and the designated senior management personnel have confirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is annexed hereto.

DECLARATION

I confirm that the Company has obtained confirmation from all its directors and designated senior management personnel that they have complied with the provisions of the Code of Conduct for the financial year 2008-09.

Place: Singapore
Date: July 21, 2009

Nimesh N Kampani
Chairman & Managing Director

3. AUDIT COMMITTEE

a. Composition of the Audit Committee

Presently the Audit Committee comprises

Mr. E A Kshirsagar	-	Chairman of the Committee, Independent and Non-executive Director
Mr. M R Mondkar	-	Member, Independent and Non-executive Director
Mr. Ashith N Kampani	-	Member, Non-executive Director
Dr. Pravin P Shah	-	Member, Independent and Non-executive Director

Requirement of Law

The composition of the Audit Committee is governed by the Act and the Listing Agreement. As per the requirements of the Listing Agreement read with the provisions of Section 292A of the Act, the Company should set up an Audit Committee, having minimum of three Directors who are financially literate and shall have accounting and financial management expertise. At least two-third of the members of the Audit Committee should be independent. The Chairman of the Audit Committee should be an Independent Director and should be present at the AGM to provide clarification on matters relating to audit. The Company Secretary should act as the secretary to the Committee.

Practice followed by the Company

The Audit Committee of the Board comprises four members, all of whom are Non-executive Directors. Three members of the Committee are Independent and Non-executive Directors. All the members of the Audit Committee are financially literate and have accounting and financial management expertise. Mr. E A Kshirsagar, an Independent and Non-executive Director, is the Chairman of the Committee. Mr. Kshirsagar was present at the previous AGM held on July 25, 2008. Mr. P K Choksi, Group Head - Compliance, Legal & Company Secretary of the Company, acts as the Secretary to the Committee.

The Statutory Auditors, Internal Auditor and Mr. Manish Sheth, the Chief Financial Officer of the Company, attend and participate in the meetings of the Audit Committee.

b. Number of Audit Committee Meetings

Requirement of Law

As per the requirements of the Listing Agreement, the Audit Committee should meet at least four times in a year and not more than four months shall elapse between two such meetings. The quorum should be either two members or one third of the members of the Audit Committee whichever is greater and a minimum of two Independent Directors must be present.

Practice followed by the Company

During the year the Audit Committee met four times. Not more than four months had elapsed between two such meetings. Details of meetings and attendance of each member are given hereafter.

Name of the Member	May 28, 2008	July 25, 2008	October 27, 2008	January 30, 2009
Mr. M R Mondkar	Present	Present	Present	Present
Mr. Ashith N Kampani	Leave of Absence	Present	Present	Present
Mr. EA Kshirsagar	Present	Present	Present	Present
Dr. Pravin P Shah	Leave of Absence	Present	Present	Present

Thus in all meetings, two Independent Directors were always present.

c. Objective of Audit Committee

The Audit Committee observes and controls the Company's financial reporting process with a view to provide accurate, timely and proper disclosures. It provides direction to the audit and risk management functions of the Company and monitors the quality of external audit. The Audit Committee also reviews the internal audit reports periodically and gives directions to the management in areas that need to be strengthened. The recommendations of the Audit Committee on any matter relating to financial management including the audit report, is binding on the Board.

d. Terms of Reference

The Audit Committee has the following powers as enumerated in the Listing Agreement:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if considered necessary.

The Audit Committee, inter alia, reviews the following:

1. Overseeing the financial reporting process and disclosure of the financial information to ensure that the financial statements are accurate, complete and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and fixation of their remuneration.
3. Reviewing with the management, the annual/quarterly financial statements before submission to the Board for approval, with particular reference to:
   - Changes, if any, in accounting policies and practices and reasons for the same.
   - Major accounting entries involving estimates based on the exercise of judgment by the management.
   - Review of Internal audit reports.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - Compliance with listing and other legal requirements relating to financial statements.
   - Disclosure of related party transactions.
   - Qualifications, if any, in draft audit report.
4. Reviewing with the management, the performance of Statutory and Internal auditors and adequacy of internal control systems.

5. Discussion with Statutory and Internal Auditors on any significant findings and follow up thereon with the management.
6. Reviewing the investments made by the unlisted subsidiaries of the Company.
7. Review of the Company's financial and risk management policies.
8. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.
9. Management discussion and analysis, if any, of the financial condition and results of operations.
10. Statement of significant related party transactions.
11. Letters/Reports of internal control issued by the Internal and Statutory Auditors.

e. Other important points relating to Audit Committee Meetings

Minutes of the Audit Committee Meetings form part of the agenda of Board Meetings. The Chairman of the Audit Committee briefs the Board Members about the significant discussions at Audit Committee Meetings.

4. SUBSIDIARY COMPANIES

The Company has following 14 subsidiary companies (direct and indirect) as on March 31, 2009:

1	JM Financial Consultants Private Limited	8	JM Financial Institutional Securities Private Limited
2	JM Financial Securities Private Limited	9	JM Financial Asset Management Private Limited
3	JM Financial Services Private Limited	10	JM Financial Insurance Broking Private Limited
4	JM Financial Investment Managers Limited	11	Oracle Enterprises Private Limited
5	JM Financial Commtrade Limited	12	JMF BR Investments Holdings (Mauritius) Limited
6	JM Financial Products Private Limited	13	JM Financial Holdings (Mauritius) Limited
7	JM Financial Ventures Limited	14	JM Financial Overseas Holdings Private Limited

Requirement of Law

As per the provisions of the Listing Agreement, at least one Independent Director on the Board of Directors of the holding company should be a director on the board of its material non-listed Indian subsidiary.

A material non-listed Indian subsidiary means 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 the immediately preceding accounting year.

The Audit Committee of the listed holding company should also review the financial statements, in particular, the investments made by the unlisted subsidiary company. The minutes of the board meetings of the unlisted subsidiary company should be placed at the board meeting of the listed holding company. The management should periodically bring to the attention of the Board of the listed holding company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

Practice followed by the Company

Out of the 14 subsidiaries mentioned above, following companies currently fall under the definition of material non-listed Indian subsidiary of the Company:

1. JM Financial Consultants Private Limited
2. JM Financial Services Private Limited
3. JM Financial Products Private Limited

Following Independent Directors of the Company are on the board of these material unlisted Indian subsidiaries, as stated below

Name of the Company	Name of the Independent Director
JM Financial Consultants Private Limited	Dr. Pravin P Shah and Mr. D E Udwadia
JM Financial Services Private Limited	Dr. Pravin P Shah
JM Financial Products Private Limited	Mr. M R Mondkar

The Audit Committee of the Company also reviews the investments made by these unlisted subsidiary companies. The minutes of the board meetings of all the unlisted subsidiary companies including non-material unlisted Indian subsidiary companies are placed at the board meeting of the Company. The management also periodically brings to the attention of the Board of the Company, a statement of all significant transactions and arrangements entered into, if any, by all the unlisted subsidiary companies.

5. COMPENSATION COMMITTEE

The Board of Directors of the Company had constituted a Compensation Committee in accordance with the provisions of Schedule XIII to the Act in the year 2006 with following terms of reference:

1. determination of the compensation policy on the remuneration package for the Executive and Non-executive Directors of the Company,
2. deciding all such other matters relating to the remuneration/compensation of the senior employees and/or Executive/Non-executive Directors, the manager, etc. from time to time,
3. considering and finalizing the 'Employees Stock Option Scheme' (ESOS),
4. determining the employees to whom the options may be granted at such time and price as the Committee may deem fit,
5. deciding all other allied matters concerning the ESOS.

a. Composition of the Compensation Committee

Presently the Compensation Committee comprises

Mr. Nimesh N Kampani	-	Chairman of the Committee, Executive Director
Mr. E A Kshirsagar	-	Member, Independent and Non-executive Director
Mr. D E Udwadia	-	Member, Independent and Non-executive Director
Dr. Pravin P Shah	-	Member, Independent and Non-executive Director

b. Number of Compensation Committee Meetings

During the year the Compensation Committee met five times. Details of meetings and attendance of each member are given below:

Name of the Member	April 15, 2008	May 28, 2008	October 27, 2008	February 6, 2009	March 30, 2009
Mr. Nimesh N Kampani	Present	Present	Present	Leave of Absence	Leave of Absence
Mr. E A Kshirsagar	Present	Present	Present	Present	Present
Mr. D E Udwadia	Present	Present	Present	Present	Present
Dr. Pravin P Shah	Present	Leave of Absence	Present	Leave of Absence	Leave of Absence

c. Remuneration Policy

The remuneration policy of the Company is broadly based on the following criteria:

1. Job responsibilities
2. Key performance areas and delivery
3. Industry trend
4. Remuneration packages in other comparable companies for comparable positions
5. Overall performance evaluation of each employee

d. Details of Remuneration of Directors

Remuneration of Chairman & Managing Director

Mr. Nimesh N Kampani, the Chairman & Managing Director of the Company was paid remuneration during the financial year as per the terms and conditions of the Agreement entered by the Company with Mr. Kampani, while appointing him as Managing Director of the Company, which was duly recommended by the Compensation Committee at its meeting held on May 28, 2008 and approved by the Members at the Annual General Meeting held on July 25, 2008. The details of the remuneration paid/provided to Mr. Kampani during the financial year 2008-09 is given below:

Salary	Rs. 28,30,250/- p.a.
Allowances	Rs. 28,30,250/- p.a.

Mr. Kampani is also entitled to receive the Company's contribution to the provident fund as per the Company's rules. Mr. Kampani, however, does not receive any sitting fees for attending meetings of the Board or any Committee of the Board.

As per the Agreement, either party, i.e. the Company and Mr. Kampani, can terminate the Agreement at any time by giving to the other party not less than three months notice in writing in that behalf and that the Company can terminate Mr. Kampani's employment at any time by making a payment of three months' salary and allowance to him, in lieu of such notice.

Mr. Kampani was also the Managing Director of JM Financial Consultants Private Limited (JM Financial Consultants), a subsidiary of the Company, until March 31, 2009 when his term of office as Managing Director

of the said company expired. Mr. Kampani had conveyed his unwillingness to be re-appointed as Managing Director of JM Financial Consultants and hence has ceased to be the Managing Director of JM Financial Consultants effective April 1, 2009. In accordance with the authority granted by the Members, the Compensation Committee of the Board at its meeting held on March 30, 2009, has varied the terms of Mr. Kampani's remuneration w.e.f. April 1, 2009, by reducing the salary and allowances and by granting him the perquisites which hitherto were not allowed to him.

Remuneration of Non-executive Directors

The details of the sitting fees and commission paid/payable and number of stock options granted under ESOS to the Non-executive Directors of the Company during the financial year 2008-09 are given below:

Name of the Non-executive Director	Commission Payable (Rs.)	No. of Stock Options granted under ESOS* (Shares of Face Value of Rs. 10/- each)	No. of adjusted Stock Options # (Shares of Face Value of Re. 1/- each)	Sitting fees paid (Rs.)		
				Board	Audit Committee	Compensation Committee
Mr. M R Mondkar	100,000	4,500	112,500	75,000	46,000	–
Mr. Ashith N Kampani	100,000	--	--	70,000	43,000	--
Mr. EA Kshirsagar	250,000	6,000	150,000	75,000	46,000	36,000
Mr. D E Udwadia	250,000	6,000	150,000	75,000	--	36,000
Dr. Pravin P Shah	250,000	6,000	150,000	70,000	43,000	13,000
Mr. Paul Zuckerman	250,000	3,000	75,000	75,000	--	--

* The stock options have been granted at exercise price of Rs. 1,370/- per option, on the basis of the closing market price at the National Stock Exchange of India Limited of Rs. 1,369.70 where the volume of the shares traded was higher than at the Bombay Stock Exchange Limited, where the closing market price was Rs. 1,368.40. These options will be vested equally at the end of third, fourth and fifth year from the date of grant. The said options are to be exercised within seven years from date of grant, which is April 15, 2008.

\# Consequent upon the sub-division and issue of bonus shares by the Company, the number of options granted under the ESOS were adjusted by the relevant ratio and stood enhanced to increased number of shares of Re.1/- each as mentioned above. The exercise price after adjustment works out to Rs. 54.80 per share.

During the year, the Company paid Rs. 36,000/- as professional fees to M/s. Udwadia & Udeshi, a legal firm, in which Mr. D E Udwadia, a Director of the Company, is a partner. The Company also made a payment aggregating Rs. 183,147/-, as professional fees to M/s. Pravin P Shah & Co. and M/s. Pravin P Shah & Associates, partnership and sole proprietorship firm respectively, in which Dr. Pravin P Shah, a Director of the Company, is a partner and the sole proprietor, respectively. There were no other pecuniary relationships or transactions of the Non-executive Director, vis-à-vis, the Company. The Company has a policy of taking a declaration from all the Independent Directors that they qualify to be an Independent Director as per the definition of 'Independent Director' stipulated in Clause 49 (I)(iii) of the Listing Agreement. Pursuant to such policy, the Company has received the declaration from all the Independent Directors confirming that they qualify to be an Independent director as per the definition given in the Listing Agreement.

e. Criteria for making payments to Non-executive Directors

The Company has a credible and transparent procedure in determining and accounting for the remuneration of the Non-executive Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by each of them; and the position held by them as the Chairman of the Board and of the Audit Committee and their role as Independent Directors on the Board and Audit Committee of the subsidiary companies together with the external competitive environment, track record, potential individual performance and performance of the Company as well as industry standards.

In the backdrop of growing complexities and increasing regulatory requirements, the Non-executive Directors have contributed significantly to the meetings and given constructive and useful feedback pertaining to the business and operations of the Company. An aggregate amount of Rs. 12 Lakh is proposed to be paid as commission to the Non-executive Directors for the financial year 2008-09 as per individual allocation decided by the Board.

6. SHAREHOLDERS' GRIEVANCE COMMITTEE

In order to redress shareholders' complaints including grievances relating to transfer and transmission of shares, non-receipt of balance sheet, dividend, etc., the Board of Directors of the Company had constituted Shareholders' Grievance Committee in the year 2001.

As per the requirement of the Listing Agreement, a Non-executive Director should chair this Committee. At present following are the members of the Committee:

Mr. M R Mondkar	-	Chairman of the Committee, Independent and Non-executive Director
Mr. Ashith N Kampani	-	Member, Non-executive Director

Mr. P K Choksi, Group Head - Compliance, Legal & Company Secretary of the Company, acts as the Compliance Officer and takes the Committee through each of the grievances/queries and the steps taken and responses given by the Company to the shareholders/investors. During the year, the Shareholders' Grievance Committee met four times as per the details given below:

April 29, 2008	July 25, 2008
October 27, 2008	January 30, 2009

Particulars of the number of complaints/queries received and resolved by the Company during the financial year 2008-09 are given in the table below. No complaints were pending as on March 31, 2009.

The break-up of the number of complaints/queries received and their nature is given below:

Nature of complaints/queries	Received (Nos.)	Resolved (Nos.)
Request for information relating to tradable warrant	6	6
Non-receipt of 14% debenture redemption proceeds	2	2
Non-receipt of share certificates sent for transfer/transmission	6	6
Change of address	1	1
Non-receipt of annual reports	3	3
Non-receipt of dividend	24	24
Non-receipt of duplicate shares/split & bonus	3	3
Total	**45**	**45**

7. ALLOTMENT & SHARE TRANSFER COMMITTEE

In order to expedite the process of share transfers, the Board of Directors of the Company had constituted Allotment & Share Transfer Committee in the year 2006. Presently this Committee comprises:

Mr. Nimesh N Kampani	-	Chairman of the Committee, Executive Director
Mr. Ashith N Kampani	-	Member, Non-executive Director
Mr. M R Mondkar	-	Member, Independent and Non-executive Director

The Committee strives to meet twice in a month, sometimes more often, depending upon the requests received from the investors regarding transfer of shares, in order to attend to and expedite the share transfer formalities.

Mr. P K Choksi, Group Head - Compliance, Legal & Company Secretary of the Company, acts as the Secretary to the Committee.

8. GENERAL BODY MEETINGS

All the resolutions moved at the previous AGM were passed by show of hands with requisite majority of votes. The Special Resolutions passed at the last three AGMs are given hereafter.

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary
September 7, 2006	Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai-400 021	4.00 p.m.	Yes	Payment of commission to Non-executive Directors between 1% and up to 3% of the net profits of the Company. Three Resolutions under Section 81(1A) of the Act for seeking necessary approvals offering shares under ESOS.
September 6, 2007	Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai-400 021	3.30 p.m.	Yes	For holding an office or place of profit by Mr. Ashith N Kampani, a relative of Mr. Nimesh N Kampani pursuant to Section 314(1) of the Act. Three Resolutions under Section 81 (1A) of the Act, for increasing the number of stock options offered under ESOS.
July 25, 2008	Wallchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate Mumbai-400 020	4.00 p.m.	Yes	Appointment of Mr. Nimesh N Kampani as the Managing Director of the Company. Payment of commission to Non-executive Directors between 1% and up to 3% of the net profits of the Company. Sub-division of equity shares from the face value of Rs. 10/- each to the face value of Re. 1/- each. Alteration of Memorandum of Association to reflect increase in authorised share capital. Alteration in Articles of Association. Issue of bonus shares in the ratio of 3:2.

No Special Resolution has been passed through postal ballot in the previous financial year and no Special Resolution is proposed to be passed through postal ballot prior to the forthcoming AGM.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2008-09, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

10. MEANS OF COMMUNICATION

The Company had 15,416 shareholders as on March 31, 2009. Out of the total number of shareholders, the individual shareholders were 14,655 representing 95.06% of the total number of shareholders. The main channel of communication to the shareholders is through the annual report which, inter alia, includes Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Auditors' Report along with the financial statements, Balance sheet abstracts and Financial Information of the subsidiary companies and Consolidated Financial Statements together with Auditors' Report on Consolidated Financial Statements.

The AGM is the key medium for personal interaction with shareholders, where the Board answers the specific queries raised by the shareholders. The Board of Directors recognizes its responsibility towards its shareholders and encourages open and active discussion with all its shareholders - be it individuals, corporates or foreign investors.

The Company believes that regular communication with shareholders ensures that the Management's strategies and their objectives are being clearly understood. The financial results are also published in Business Standard (an English newspaper circulating in the whole or substantially the whole of India) and Sakal (a Marathi news paper, being the language of the region, where the registered office of the Company is situated). The Company's website also displays all official press releases and financial results announced by the Company.

In terms of Clause 51 of the Listing Agreement, the Company also files its annual report, quarterly results and shareholding pattern through the Electronic Data Information Filing and Retrieval System (EDIFAR) website of SEBI. Presently, the Company is filing its quarterly results, shareholding pattern and other required filings suggested by SEBI through Corporate Filing and Dissemination System (CFDS), viz. www.corpfiling.co.in, pursuant to the provisions of Clause 52 of the Listing Agreement.

11. 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 such other information as required under the listing agreement.

Day and Date of AGM	:	Thursday, September 10, 2009
Time of AGM	:	3.30 P.M.
Venue of AGM	:	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wacha Road, Churchgate, Mumbai - 400 020
Financial year	:	April 1, 2008 to March 31, 2009
Date of book closure	:	September 3, 2009 to September 10, 2009 (both days inclusive)
Dividend payment date	:	On or after September 12, 2009
Listing on Stock Exchanges	:	**Bombay Stock Exchange Limited (BSE)** Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 Tel : 91 22 2272 1233 / 1234 Fax: 91 22 2272 2041 www.bseindia.com **National Stock Exchange of India Limited (NSE)** Exchange Plaza Plot No. C-1, G Block Bandra Kurla Complex Bandra East Mumbai - 400 051 Tel : 91 22 26598100 / 8114 Fax: 91 22 26598120 www.nseindia.com
Listing fees	:	The Company has paid the Annual Listing fees to the BSE and NSE for the financial year 2009-10 as per the Listing Agreement.
Corporate Identification Number (CIN)	:	L67120MH1986PLC038784
ISIN number	:	INE780C01023
BSE code	:	523405
NSE symbol	:	JMFINANCIL
Registered office/Address for Correspondence	:	141, Maker Chambers III Nariman Point Mumbai - 400 021
Website	:	www.jmfinancial.in

Registrars and share transfer agents : Sharepro Services (India) Private Limited

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

Contact Person: Mr. Ravi Bhandari
Tel. No. 91 22 6613 4700
Fax No. 91 22 2282 5484
Email: sharepro@shareproservices.com

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

Main Office:
Kindly note that the main office of Sharepro Services (India) Private Limited is shifted

FROM	TO
3rd Floor Satam Industrial Estate Above Bank of Baroda Cardinal Gracious Road Chakala Andheri (East) **Mumbai - 400 099**	2nd Floor Samhita Warehousing Complex Gala No-52 to 56 Bldg No.13 A-B Near Sakinaka Telephone Exchange Andheri-Kurla Road Sakinaka, Andheri (East) **Mumbai - 400 072**

Contact Person:
Ms. Indira Karkera/ Mr. Gopal Poojari
Tel. No. 91 22 6772 0300/0400

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

Plant locations : Not Applicable

Share transfer system : The equity shares lodged for transfer in physical form are duly transferred and returned to the investors well within the statutory time period, provided the documents lodged for transfer are complete in all respects and also there is no objection/prohibition imposed on the transfer of shares. The Allotment & Share Transfer Committee meets periodically to approve the transfer requests. The particulars of the share transfers are reported to the Board for its noting.

		As required under Clause 47(c) of the Listing Agreement, a certificate is obtained every six months from a Practicing Company Secretary, confirming that the request for transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares have been effected within one month of their lodgment subject to all the documents being in order. The said certificate is forwarded to Stock Exchanges within the stipulated time period.
Dematerialisation of shares	:	All requests for dematerialisation of shares are generally processed and confirmed to the depositories, viz, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 21 days. The particulars of the dematerialisation are reported to the Board for its noting.
Shares in dematerialised form	:	As on March 31, 2009, 740,102,275 equity shares representing 98.71% of the Company's share capital were held in electronic form. Out of the above shares in electronic form, 735,849,302 equity shares representing 98.14% have been dematerialised under NSDL, whereas 4,252,973 shares representing 0.57% have been dematerialised under CDSL.
Outstanding GDRs /ADRs / warrants or any convertible instruments, conversion and likely impact on equity	:	The Company has not issued any such instruments.
Compliance certificate of the auditors	:	Certificate from the Statutory Auditors of the Company, M/s. Khimji Kunverji & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed and forms part of the Report on Corporate Governance.

STOCK MARKET DATA RELATING TO THE SHARES

Details of monthly open, high, low and closing prices and volume of shares traded on BSE are given below:

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of shares traded
April 2008	1,328.00	1,659.00	1,191.00	1,570.10	241,998
May 2008	1,600.00	1,700.00	1,443.00	1,634.65	97,899
June 2008	1,716.35	1,974.40	1,401.00	1,427.20	253,472
July 2008	1,450.00	1,494.00	1,229.00	1,297.85	49,687
August 2008	1,293.00	1,350.00	1,225.00	1,347.10	70,620
September 2008	1,342.00	1,484.95	*32.25	*36.75	5,594,138
October 2008	37.10	39.35	16.50	21.80	2,246,520
November 2008	23.00	29.80	20.30	21.50	1,503,114
December 2008	21.85	30.50	19.60	25.30	1,699,177
January 2009	25.25	27.85	18.50	19.20	3,114,686
February 2009	19.00	22.65	18.00	21.50	5,606,895
March 2009	20.85	23.45	18.55	20.60	2,982,555

Source: www.bseindia.com

Details of monthly open, high, low and closing prices and volume of shares traded on NSE are given below:

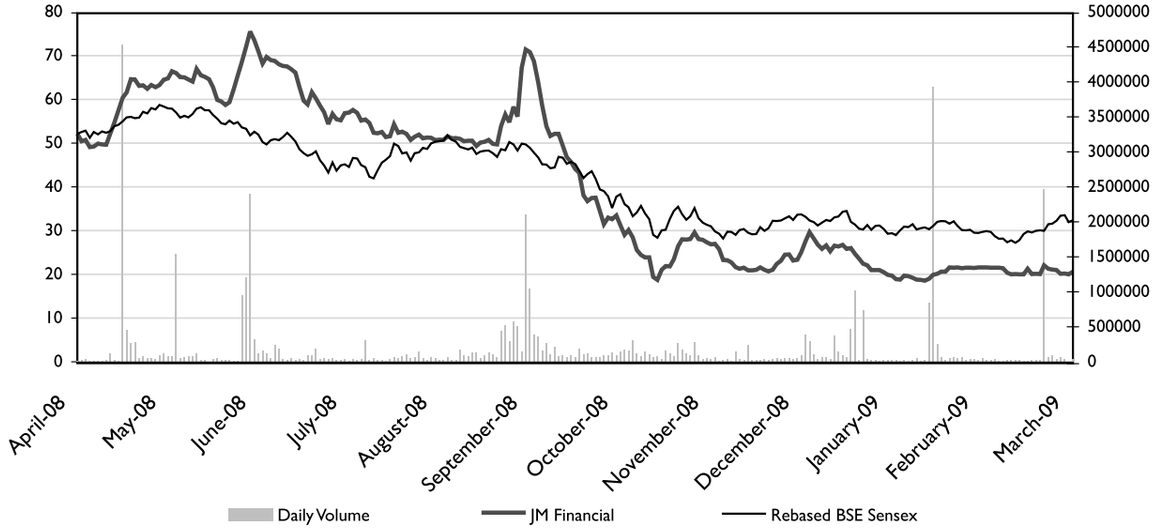
Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of shares traded
April 2008	1,330.00	1,659.95	1,167.00	1,574.95	61,765
May 2008	1,639.95	1,700.00	1,430.00	1,627.80	33,406
June 2008	1,709.20	1,968.00	1,400.05	1,446.25	112,324
July 2008	1,451.00	1,489.80	1,211.55	1,292.65	58,345
August 2008	1,241.10	1,354.80	1,221.00	1,342.35	74,157
September 2008	1,350.00	1,489.90	*33.10	*36.45	10,565,802
October 2008	38.00	38.85	16.65	21.55	3,735,293
November 2008	23.80	29.85	19.65	21.65	2,161,401
December 2008	22.00	30.85	19.75	25.10	3,841,290
January 2009	25.55	27.75	18.70	19.20	3,180,173
February 2009	18.50	22.75	18.00	21.50	5,586,323
March 2009	21.05	23.30	18.75	20.55	1,089,010

Source: www.nseindia.com

*The share price post the sub-division of one equity share of Rs. 10/- each into ten equity shares of Re. 1/- each (Record Date : September 15, 2008) and allotment of bonus shares in the ratio of 3:2 on September 16, 2008, are for equity shares of the face value of Re. 1/- and increased capital.

PRICE VIS-À-VIS THE BSE SENSITIVE INDEX (SENSEX)

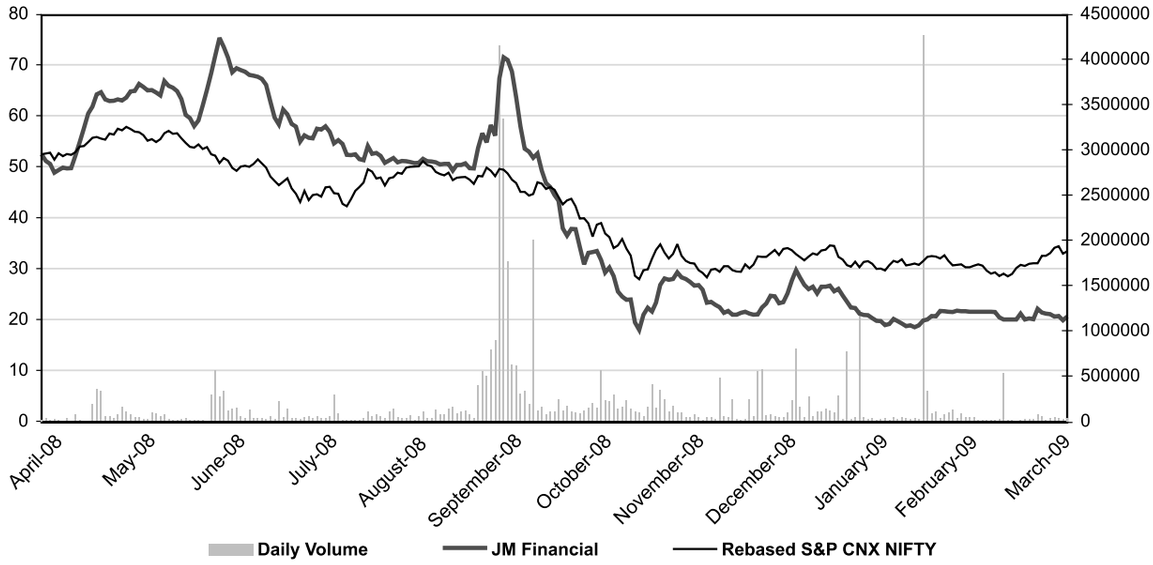
The performance of the price of the Company's equity shares, vis-à-vis, the BSE Sensitive Index is given in the chart below:



Source: www.bseindia.com

PRICE VIS-À-VIS THE S & P CNX (NIFTY)

The performance of the price of the Company's equity shares vis-à-vis the S & P CNX is given in the chart below:



Source: www.nseindia.com

Note: The volume of equity shares and the price at which the shares were traded during the period April 2008 to September 2008 have been adjusted to make it comparable with price and volume of shares post sub-division and issue of bonus shares.

INFORMATION ABOUT SHAREHOLDING AS ON MARCH 31, 2009

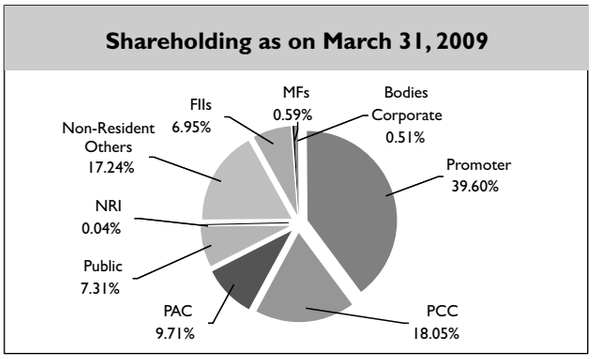
DISTRIBUTION OF SHAREHOLDING

Number of shares held	Shareholders		Shares	
	Number	Percentage	Number	Percentage
1 - 5000	14,489	93.99	13,673,602	1.82
5001 - 10000	418	2.71	3,528,528	0.47
10001 - 20000	259	1.68	3,807,365	0.51
20001 - 30000	94	0.61	2,382,967	0.32
30001 - 40000	25	0.16	901,240	0.12
40001 - 50000	29	0.19	1,358,595	0.18
50001 - 100000	40	0.26	2,767,123	0.37
100001 and above	62	0.40	721,363,080	96.21
Total	15,416	100.00	749,782,500	100.00

CATEGORIES OF SHAREHOLDERS

Category	No. of shares	Amount paid up (Rs.)	Percentage to total
Promoters			
Bodies corporate	296,854,100	296,854,100	39.60
Individuals	-	-	-
Person having control over the Company (PCC)			
Bodies corporate	-	-	-
Individuals	135,357,500	135,357,500	18.05
Persons acting in concert (PAC)			
Bodies corporate	8,695,000	8,695,000	1.16
Individuals	64,120,275	64,120,275	8.55
Total (A)	**505,026,875**	**505,026,875**	**67.36**
Public	54,789,482	54,789,482*	7.31
Banks and Trust	29,700	29,700	0.00
Foreign Holdings			
Non- Resident Indians	308,434	308,434	0.04
Non- Resident Others	129,281,550	129,281,550	17.24
Foreign Institutional Investors (FIIs)	52,135,126	52,135,126	6.95
Mutual Funds (MFs)	4,398,295	4,398,295	0.59
Bodies Corporate	3,813,038	3,813,038	0.51
Total (B)	**244,755,625**	**244,755,625**	**32.64**
Total (A + B)	**749,782,500**	**749,782,500***	**100.00**

* Inclusive of amount, in respect of shares held in abeyance.



LIST OF THE TOP 10 SHAREHOLDERS OF THE COMPANY (EXCLUDING PROMOTERS) – AS ON MARCH 31, 2009

Sr. No	Name	Holding	%
1	Blue Ridge Limited Partnership	51,563,350	6.88
2	Tiger Global, L. P.	34,909,775	4.66
3	Blue Ridge Offshore Master Limited Partnership	31,603,325	4.21
4	Azim Hasham Premji	21,875,000	2.92
5	Morgan Stanley Mauritius Co. Limited	17,764,950	2.37
6	Citigroup Global Markets Mauritius Private Limited	12,165,225	1.62
7	Tiger Global, Limited	10,290,100	1.37
8	Swiss Finance Corp (Mauritius) Limited	9,236,950	1.23
9	Valiant Mauritius Partners Limited	6,918,647	0.92
10	Valiant Mauritius Partners Offshore Limited	3,723,923	0.50

12. MANDATORY REQUIREMENTS

The Company has complied with the mandatory requirements as stipulated in Clause 49 of the Listing Agreement.

13. NON-MANDATORY REQUIREMENTS

The Company has formed the Compensation Committee. The quarterly results are published on the Company's website and also sent to the shareholders on request. As regards the other non-mandatory requirements the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

14. DISCLOSURES

a. Related Party Transactions

The Company has entered into related party transactions as set out in the Notes to Accounts. None of these transactions are likely to have a potential conflict with the interest of the Company. The details of all significant transactions with related parties are periodically placed before the Audit Committee.

b. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

c. Disclosures on Risk Management

The Company has laid down procedures for risk management, assessment and its minimization. The Group risk management team places an update on risk management to the Board at its meetings periodically.

d. Secretarial Audit Report

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

e. No penalty or strictures

No penalty or stricture has been imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter related to the capital markets, since the date of listing of equity shares.

f. Pledge of shares by 'promoter' or 'promoter group'

The 'promoters' and every person forming part of 'promoter group' have confirmed to the Company that they have not pledged any shares of the Company, held by them.

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 September 4, 2009, so that the answers/details can be kept ready.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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, 2009, as stipulated in Clause 49 of the Listing Agreement of the said 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 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 the above mentioned Listing Agreement.

We state that no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' 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 and on behalf of
Khimji Kunverji & Co.
Chartered Accountants

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 21, 2009

Auditors' Report

To

The Members of JM FINANCIAL LIMITED

1. We have audited the attached balance sheet of JM FINANCIAL LIMITED as at March 31, 2009 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 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 explanations, 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Section 274(1)(g) of the Act.

vi. Without qualifying our report, we draw attention to note 12 of Part II of Schedule N, regarding provision for Directors' commission of Rs. 45 lakh for the previous year and managerial Remuneration of Rs. 36 lakh (previous year-Nil) made in the accounts, which is in excess of the limits prescribed by the Act but payment whereof is not made pending the approval of Central Government.

vii. 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, 2009;

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 and on behalf of
Khimji Kunverji & Co
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

Annexure referred to in paragraph 3 of our report of even date of JM FINANCIAL LIMITED as at March 31, 2009

I) According to the information and explanations given to us and in view of the nature of activities carried on as also having regard to the transactions entered into by the Company, clauses 4 (ii) relating to inventories, 4(viii) relating to cost records, 4(xiii) relating to chit company/nidhi company, 4(xiv) relating to dealing in or trading in shares, 4(xvi) relating to end use of term loan and 4(xx) relating to use of funds of public issue 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from the companies, firms, or other parties covered in the register maintained under Section 301 of the Act, Hence clause 4 (iii)(b) to (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 and sale of securities. During the course of audit, no major weakness has been noticed in the internal control system in respect of these areas.

v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) In our opinion and according to the information and explanations given to us, there were no transaction exceeding Rupees Five Lakh in respect of any party during the year in pursuance of contracts or arrangements that need to be entered in the Register maintained under section 301 of the Act.

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. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.

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

viii) (a) The Company is regular in depositing undisputed Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Cess and Investors Education and Protection Fund with appropriate authorities and there are no arrears thereof as at March 31, 2009 for a period of more than six months from the date they become payable. We are informed that statutory dues like Sales Tax,

Custom Duty, Excise Duty and other statutory dues are not applicable to the Company.

(b) According to the information and explanations given to us, there are no outstanding dues of Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax and Service Tax not deposited on account of any dispute.

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 preceeding 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 financial institutions or banks.

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 except for a subsidiary amounting to Rs. 42.50 crore, the terms and condition of which are not prima facie prejudicial to the interest of the Company.

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

For and on behalf of
Khimji Kunverji & Co
Chartered Accountants

Shivji K. Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

Balance Sheet as at March 31, 2009

(Rs . in '000)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	749,668	299,826
Reserves & surplus	B	15,714,041	16,234,619
Unsecured loans	C	2,815	2,351
Deferred tax liability (Net)		1,150,635	1,149,473
Funds employed		**17,617,159**	**17,686,269**
APPLICATION OF FUNDS			
Fixed assets	D		
Gross block		23,362	19,035
Less: Provision for depreciation		6,223	3,718
Net block		17,139	15,317
Capital work-in-progress		-	352
		17,139	**15,669**
Investments	E	15,240,803	15,214,288
Current assets, loans & advances			
Cash and bank balances	F	1,515,308	2,391,278
Loans and advances	G	974,757	996,367
Other current assets	H	56,389	12,920
		2,546,454	3,400,565
Less: Current liabilities & provisions			
Current liabilities	I	32,644	65,564
Provisions	J	154,593	878,689
		187,237	944,253
Net current assets		**2,359,217**	**2,456,312**
Funds utilised		**17,617,159**	**17,686,269**
Significant accounting policies and notes on accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of Khimji Kunverji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh N Kampani
Chairman &
Managing Director

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: July 6, 2009

Place: Singapore
Date: July 1, 2009

Place: Mumbai
Date: June 29, 2009

Profit & Loss account for the year ended March 31, 2009

(Rs . in '000)

	Schedule	For the year ended 31.03.2009	For the year ended 31.03.2008
Income	**K**	245,444	366,959
Expenditure	**L**	92,635	77,663
Profit before depreciation, interest & provision for diminution in value of Investments		**152,809**	**289,296**
Less: Depreciation		2,657	1,028
Interest		383	547
Provision for diminution in value of investments		18,255	-
Profit before exceptional items & tax		**131,514**	**287,721**
Add: Exceptional items (Net)	**M**	-	17,230,185
Profit before tax		**131,514**	**17,517,906**
Provision for taxation			
Current tax		50,000	2,760,000
Deferred tax		1,162	1,155,628
Fringe benefit tax		530	650
Tax adjustment of earlier years		156	(58)
Profit after tax		**79,666**	**13,601,686**
Add: Balance profit brought forward from earlier years		11,603,917	379,694
Profit available for appropriation		**11,683,583**	**13,981,380**
Appropriations			
Proposed dividend			
- Normal		149,957	150,000
- Special		-	600,000
Dividend distribution tax		500	127,463
General reserve		10,000	1,500,000
Surplus carried to balance sheet		11,523,126	11,603,917
		11,683,583	**13,981,380**
Earnings per share (EPS)			
(Face value of Re.1/- each) (Refer note 7)			
Basic & Diluted EPS (in Rs.)			
- Before exceptional items		0.11	0.38
- After exceptional items		0.11	18.14
Significant accounting policies and notes on accounts	**N**		

The schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of Khimji Kunverji & Co.
Chartered Accountants

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman &
Managing Director

Place: Singapore
Date: July 1, 2009

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: June 29, 2009

SCHEDULE 'A'
SHARE CAPITAL

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Authorised:		
1,000,000,000 (50,000,000) equity shares of Re 1/- (Rs.10/-) each	**1,000,000**	**500,000**
Issued, Subscribed and Paid up:		
749,782,500 (30,000,000) equity shares of Re.1/- each (Rs.10/-) each fully paid-up. (Of the above 12,500,000 (1,250,000) equity shares of Re.1/- (Rs.10/-) each issued for consideration other than cash and 449,869,500 (nil) shares are allotted as fully paid bonus shares by capitalisation of reserves)	749,783	300,000
Less: Equity shares held under abeyance	115	115
Less: Calls in arrears	-	59
	749,668	**299,826**

SCHEDULE 'B'
RESERVES & SURPLUS

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Capital Reserve	44	-
Securities Premium		
Balance as per last balance sheet	3,060,702	3,060,512
Add: Additions during the year	39	190
	3,060,741	3,060,702
Less: Utilisation of securities premium on issue of bonus shares	449,870	-
	2,610,871	3,060,702
General Reserve		
Balance as per last balance sheet	1,570,000	70,000
Add: Transferred from profit and loss account	10,000	1,500,000
	1,580,000	1,570,000
Surplus in Profit and Loss account	11,523,126	11,603,917
	15,714,041	**16,234,619**

SCHEDULE 'C'
UNSECURED LOANS

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Dues under finance lease (Refer note 8 of Schedule N)	2,815	2,351
	2,815	**2,351**

SCHEDULE 'D'
FIXED ASSETS

(Rs . in '000)

	Gross block (At cost)				Depreciation*				Net block	
Particulars	**As at 31.03.2008**	**Additions for the year**	**Deductions for the year**	**As at 31.03.2009**	**As at 31.03.2008**	**Additions for the year**	**Deductions for the year**	**Total upto 31.03.2009**	**As at 31.03.2009**	**As at 31.03.2008**
Owned assets:										
Office premises	10,850	-	-	10,850	2,784	178	-	2,962	7,888	8,066
Computers	2,971	2,873	1,012	4,832	489	309	1	797	4,035	2,482
Office equipments	497	183	-	680	11	115	-	126	554	486
Furniture & Fixtures	1,532	-	-	1,532	43	134	-	177	1,355	1,489
Leasehold improvements	422	-	-	422	9	200	-	209	213	413
Leased assets:										
Vehicles	2,763	2,713	430	5,046	382	1,721	151	1,952	3,094	2,381
TOTAL	**19,035**	**5,769**	**1,442**	**23,362**	**3,718**	**2,657**	**152**	**6,223**	**17,139**	**15,317**
Previous year	11,774	7,261	-	19,035	2,690	1,028	-	3,718	15,317	

*Refer note 15 of Schedule N

SCHEDULE 'E'
INVESTMENTS

(Rs . in '000)

	As at 31.03.2009		As at 31.03.2008	
	Quantity	Amount	Quantity	Amount
I. LONG TERM INVESTMENTS				
UNQUOTED				
Fully paid-up (unless otherwise stated)				
A. TRADE INVESTMENTS				
Investments in subsidiary companies				
Equity shares of Rs. 10/- each (unless otherwise stated)				
1 JM Financial Consultants Private Limited	28,000,000	3,660,824	28,000,000	3,660,824
2 JM Financial Investment Managers Limited	1,800,000	931,617	300,000	31,617
3 JM Financial Ventures Limited	8,800,000	3,023,000	8,800,000	3,023,000
4 JM Financial Products Private Limited	490,050,000	5,094,133	490,050,000	5,094,133
5 JM Financial Asset Management Private Limited	31,462,500	1,313,849	31,462,500	1,313,849
6 JM Financial Holdings (Mauritius) Ltd (Shares of USD 1 each)	5,000	226	5,000	226
7 JMF-BR Investments Holdings (Mauritius) Ltd (Shares of USD 1 each)	7,495	340	7,495	340
Preference shares of Rs. 10/- each (unless otherwise stated)				
8 JM Financial Asset Management Private Limited (9% Optionally convertible redeemable preference shares)	-	-	2,000,000	20,000
9 JM Financial Holdings (Mauritius) Ltd (Reedemable participating shares of USD 1 each)	5,000	226	5,000	226
Warrants				
10 JM Financial Asset Management Private Limited - warrants (refer note a)	5,287,897	-	-	-
Investments in joint venture				
Equity shares of Rs. 10/- each				
11 Infinite India Investment Management Private Limited	800,000	23,800	800,000	23,800
Investments in associates				
Equity shares of Rs. 10/- each				
12 JM Financial Asset Reconstruction Company Private Limited	86,950,000	869,500	86,950,000	869,500
13 Financial Engineering Solutions Private Limited	2,400,000	24,000	2,400,000	24,000
14 JM Financial Trustee Company Private Limited	25,000	250	25,000	250
		14,941,765		**14,061,765**
B. OTHER INVESTMENTS				
Equity shares of Rs. 10/- each (unless otherwise stated)				
Quoted				
15 Siemens Limited	30,000	28,903	30,000	28,903
16 Supreme Infrastructure India Limited	238,000	19,040	238,000	19,040
Unquoted				
17 National Stock Exchange of India Limited	96,667	284,201	96,667	284,201

(Rs . in '000)

	As at 31.03.2009		As at 31.03.2008	
	Quantity	Amount	Quantity	Amount
Venture Capital Fund Units (Refer note b)				
18 JM Financial India Fund - Scheme 'A', Class D units of Rs.100/- each	-	-	1,869,787	186,979
19 JM Financial India Fund - Scheme 'C', Class D units of Rs.100/- each	-	-	470,213	47,021
20 JM Financial Property Fund Class 'C' units (Face value Rs.10,000/- each, partly paid Rs.8,000/- each)	-	-	75,000	600,000
21 JM Financial India Fund - Scheme 'A', Class C unit of Re. 1 each	-	-	500,000	500
22 JM Financial India Fund - Scheme 'B', Class C unit of Re. 1 each	-	-	500,000	500
23 JM Financial India Fund III - Scheme 'C', Class C unit of Re. 1 each	-	-	100,000	100
24 JM Financial India Fund III - Scheme 'D', Class C unit of Re. 1 each	-	-	100,000	100
25 JM Financial India Fund		-		10
26 JM Financial India Fund III		-		10
27 JM Financial Property Fund		-		10
Mutual Fund Units of Rs 10/- each				
28 JM Equity Fund (Refer note c & e)	16,072	149	16,072	149
		15,274,058		**15,229,288**
Less: Provision for diminution in the value of investments		33,255		15,000
TOTAL		**15,240,803**		**15,214,288**

Notes:

a) During the year, the Company has been alloted 5,287,897 warrants of JM Financial Asset Management Private Limited. Each warrant will entitle the Company the right to acquire one equity share exercisable within a period of 36 months from the date of allotment @ Rs.136/- per share.

b) The entire Investment in Venture capital fund units has been transferred to JM Financial Investment Managers Limited, (a wholly owned subsidiary).

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

d) During the year Nil units (previous year 4,728,863,302 units) amounting to Rs. Nil (previous year Rs.52,673,866,285) and Nil units (previous year 4,801,535,769 units) amounting to Rs. Nil (previous year Rs.53,482,368,467) of various schemes of mutual funds were purchased and redeemed respectively.

e) Net asset value of the mutual fund units as at March 31, 2009 is Rs.145,350/- (previous year Rs. 287,017/-) against book value of Rs.149,470/- (previous year Rs. 149,470/-).

f) Market value of the quoted investments as at March 31, 2009 is Rs.13,785,100/- (previous year Rs.37,713,700/-) against book value of Rs.47,943,474/- (previous year Rs.47,943,474/-).

SCHEDULE 'F'
CASH AND BANK BALANCES

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Cash on hand	70	7
Bank balance with scheduled banks		
- In current accounts	8,435	4,771
- In fixed deposits	1,506,803	2,386,500
	1,515,308	2,391,278

SCHEDULE 'G'
LOANS AND ADVANCES
(Unsecured, considered good)

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Advances recoverable in cash or in kind or for value to be received	40,196	16,308
Due from subsidiaries	10,315	20,024
Deposits	13,926	54,898
Advance tax and tax deducted at source (Net of provisions)	910,320	905,137
	974,757	996,367

SCHEDULE 'H'
OTHER CURRENT ASSETS

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Income accrued but not due	56,389	12,920
	56,389	12,920

SCHEDULE 'I'
CURRENT LIABILITIES

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
Due to subsidiaries	592	9,812
Unclaimed dividend	4,494	2,267
Property deposits	10,000	10,000
Other liabilities	17,558	43,485
	32,644	**65,564**

SCHEDULE 'J'
PROVISIONS

(Rs . in '000)

	As at 31.03.2009	As at 31.03.2008
For gratuity	2,108	648
For leave encashment	2,028	578
For proposed dividend		
- Normal	149,957	150,000
- Special	-	600,000
For dividend distribution tax on proposed dividend	500	127,463
	154,593	**878,689**

SCHEDULE 'K'
INCOME

(Rs . in '000)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Profit on sale of investments		
- On long term investments (Net)	19,733	104,463
- On current investments	-	372
Dividend		
- On long term investments	1,414	24,791
- On current investments	-	156,978
Interest (Tax deducted at source Rs.36,183,497 (previous year Rs.10,621,071)	168,071	48,373
Group support fees (Tax deducted at source Rs.6,784,183 (previous year Rs.Nil)	54,000	-
Lease rent (Tax deducted at source Rs.282,744 (previous year Rs.287,458)	1,373	1,373
Keyman insurance policy maturity proceeds	-	28,905
Other income	853	1,704
TOTAL	**245,444**	**366,959**

SCHEDULE 'L'
EXPENDITURE

(Rs . in '000)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Payment to and provisions for employees:		
- Salaries and Bonus	40,138	23,379
- Contribution to provident fund and other funds	2,560	808
- Staff welfare	530	1,211
	43,228	**25,398**
Rent	4,039	2,684
Rates & taxes	743	527
Stamp duty & registration fees on account of increase in share capital	3,950	-
Insurance	862	443
Legal and professional fees	3,890	5,784
Group support charges	21,968	28,215
Directors' commission	1,200	4,500
Miscellaneous expenses	12,755	10,112
TOTAL	**92,635**	**77,663**

SCHEDULE 'M'
EXCEPTIONAL ITEMS

(Rs . in '000)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Profit on sale of investments (Net)	-	17,337,096
Payment to and provisions for employees	-	(6,911)
Donation	-	(100,000)
TOTAL	**-**	**17,230,185**

SCHEDULE 'N'

Significant Accounting Policies and Notes on Accounts

I. Significant accounting policies

1. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards notified in the Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956 (the Act). Except otherwise mentioned, the accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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 to be made, 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/materialise.

3. Fixed assets and depreciation

Owned Tangible Assets

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

Depreciation on tangible fixed assets is provided 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. The estimated useful life is as per the following table:

Asset	Useful Life
Furniture	10 years
Office Equipment	5 years
Computers	5 years
Leasehold Improvements	10 years or lease period whichever is lower
Office Premises	61 years

Owned Intangible Assets:

Intangible Fixed assets are stated at the 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 accounted for at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. At the end of lease term, asset will revert back to the lessor, hence they are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

4. 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 asset's 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 profit and loss account.

5. Investments

Investments are classified as long term or current. Long term investments are carried at cost, however, provision for diminution in the value of long-term 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 long term investments is made to account the value at lower of cost and market value, determined on the basis of the quoted price of individual investment. Provision for diminution in the value of unquoted long term investments is made as per the Management's estimate. Current investments are carried at lower of cost or market value.

6. Foreign currency transactions

Transactions in foreign currency are recorded at the rate 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 profit and loss account. 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.

7. Revenue recognition

Professional fees are recognised on accrual basis in accordance with agreements/arrangements.

Dividend income on investments is accounted for when the Company's right to receive dividend is established.

Interest income is recognised on accrual basis.

8. Retirement and other benefits to employees

Defined contribution plan

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

Defined benefit plan

The Company's liabilities under the Payment of Gratuity Act 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 account 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.

9. Employee stock option scheme

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

10. Taxation

Tax expenses comprise current, deferred and fringe benefit tax.

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

Deferred tax for timing differences 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 only if there is reasonable certainty that these will 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 realized against future taxable profits.

Fringe benefit tax is provided in accordance with the provisions of Income Tax Act, 1961.

11. 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 Profit and Loss Account.

12. Provisions, Contingent Liabilities & 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.

II. Notes on Accounts

1 A Contingent Liability

a) Contingent liability in respect of income tax disputed in appeal including departmental appeals in respect of cases won by the Company but excluding interest thereon, is Rs. 33,890,935/- (previous year Rs. 33,171,144/-).

b) Security of Rs. 425,000,000/- is given on behalf of a subsidiary company against fixed deposits placed with banks.

B Capital Commitments

a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 8,838,940/- (previous year Rs. 4,829,000/-).

b) Uncalled amount on investments in JM Financial Property Fund, Class C units is Rs. Nil (previous year Rs. 150,000,000/-).

2 Employee stock option scheme

The 2008 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Company to the employees and Directors of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares.

The scheme provides for grant of options to employees to acquire the equity shares of the Company that vest in a graded manner that are to be exercised within a specified period. During the year, the Company has granted 445,500 options (adjusted option - 11,137,500 post sub-division and issue of bonus shares) at an exercise price of Rs. 1,370/- per option (adjusted price Rs. 54.80/- per option)

The details of outstanding options are as under:

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
Options outstanding at the beginning of the year	Nil	Nil
Add: Options granted during the year	11,137,500	445,500
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited during the year	Nil	Nil
Less: Options lapsed during the year	Nil	Nil
Less: Options cancelled during the year	Nil	445,500
Outstanding at end of year	11,137,500	Nil
Exercisable at end of year	Nil	Nil

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

The estimated fair value of each stock options granted in the general employee stock option scheme is mentioned in the table below. This has been calculated by applying Black-Scholes-Merton model. The model inputs were the share price at grant date of Rs. 1,370 (Adjusted price Rs. 54.80), exercise price of Rs. 54.80, volatility of 5 %, dividend yield of 0.36%, expected term of options in the range of 5 years to 6 years and a risk-free interest rate of 7.89% to 8.13%.

Details of options granted based on the graded vesting and fair value of the options.

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	3,712,500	April 15, 2011	18.08
33.33%	3,712,500	April 15, 2012	19.53
33.33%	3,712,500	April 15, 2013	20.91

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis fair value method of accounting is Rs. 53,705,000/-. Accordingly, had the compensation been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the stock-based employee compensation amounts as under:

(Rs . in '000)

Particulars	As reported	As adjusted
Net profit	79,666	25,961
Basic and diluted earning per share (in Rs.)	0.11	0.03

Note: The number of options and price have been adjusted to reflect the sub-division and issue of bonus shares.

3 Share Capital

a. i) During the year, 1 equity share of the face value of Rs.10/- each of the Company was sub-divided into 10 equity shares of the face value of Re.1 each.

ii) During the year, 449,869,500 fully paid-up bonus shares were issued in the ratio of 3 equity shares for every 2 equity shares held by the then existing shareholders.

iii) During the year, the Company forfeited 8,700 equity shares (pre sub-division & bonus) for non-payment of allotment moneys by 53 allottees in accordance with the provisions of its Articles of Association.

b. The issued, subscribed and paid-up capital, inter alia, includes an amount in respect of 115,000 (post sub-division of shares), (previous year 11,500 shares) held in abeyance under Section 206A of the Act. During the year the Company allotted the bonus shares in ratio of 3:2 on the above 115,000 shares resulting in addition of 172,500 shares. With this, the total number of shares held under abeyance is 287,500.

c. An amount of Rs. 43,500/- is transferred to capital reserve on account of forfeiture of shares during the year.

4 **Loans & advances includes:**

(Rs. in '000)

Amount receivable from	Balance as at March 31, 2009	Balance as at March 31, 2008	Maximum amount outstanding during the year	Maximum amount outstanding during the previous year
Subsidiaries				
JM Financial Consultants Private Limited	-	-	-	124,500
JM Financial Services Private Limited	5,951	11,547	11,547	11,547
JM Financial Investment Managers Limited	378	890	6,726	25,322
JM Financial Commtrade Limited	3,857	3,759	4,150	3,759
JM Financial Ventures Limited	-	46	367	150,000
JM Financial Products Private Limited	-	772	772	2,658
JM Financial Securities Private Limited	63	247	1,296	247
JM Financial Institutional Securities Private Limited	-	812	812	812
JM Financial Asset Management Private Limited	67	1,951	4,223	1,951
Others				
Infinite India Investment Management Private Limited (Joint venture)	103	452	3,491	75,000
JM Financial Asset Reconstruction Company Private Limited (Associate)	17,492	4,775	17,599	4,775
Total	**27,911**	**25,251**	**45,894**	**400,571**

5 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2009. 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.

6 Deferred tax asset/(liability) at the year end comprise timing differences on account of

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Depreciation	(2,613)	(2,338)
Expenses allowable under section 35DD	4,473	6,888
Expenditure	1,835	307
Investments	(1,154,330)	(1,154,330)
Total	**(1,150,635)**	**(1,149,473)**

7 Earnings per share (EPS) is calculated as under:

(Rs. in '000)

	Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
A.	**Before exceptional items**		
	Net profit as disclosed in profit and loss account	79,666	287,721
	Weighted average no. of equity shares during the year	749,782,500	750,000,000
	Basic & Diluted (EPS) (Rs.)	0.11	0.38
B.	**After exceptional items**		
	Net profit as disclosed in profit and loss account	79,666	13,601,686
	Weighted average no. of equity shares during the year	749,782,500	750,000,000
	Basic & Diluted (EPS) (Rs.)	0.11	18.14

Note:

The earnings per share for the current year and previous year have been re-stated to reflect the sub-division of shares and issue of bonus shares.

8 Lease transaction:

Finance lease

The Company has taken certain vehicles under the finance lease agreement. The minimum lease rentals outstanding with respect to these assets are as under:

(Rs. in '000)

Particulars	Total minimum lease payment outstanding as at March 31, 2009	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2009
Not later than 1 year	1,998 (1,177)	356 (317)	1,642 (860)
Later than 1 year but not later than 5 years	1,295 (1,720)	122 (229)	1,173 (1,491)
Later than 5 years	- (-)	- (-)	- (-)
Total	**3,293** (2,897)	**478** (546)	**2,815** (2,351)

(Figures in brackets are for the previous year)

9 Retirement benefits

A Defined benefit plans

a) Gratuity

(Rs. in '000)

Amount recognized in the balance sheet with respect to gratuity	For the year ended March 31, 2009	For the year ended March 31, 2008
Present value of the defined benefit obligation at the year end	2,108	648
Fair value of plan assets	-	-
Net liability	**2,108**	**648**

(Rs. in '000)

Amount recognized in salary, wages and employee benefits in the profit and loss account with respect to gratuity	For the year ended March 31, 2009	For the year ended March 31, 2008
Current service cost	749	295
Interest on defined benefit obligations	49	24
Expected return on plan assets	-	-
Net actuarial loss recognised during the year	662	10
Net gratuity cost	**1,460**	**329**

(Rs. in '000)

Actual return on plan assets	For the year ended March 31, 2009	For the year ended March 31, 2008
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

(Rs. in '000)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2009	For the year ended March 31, 2008
Opening defined benefit obligation	648	# 319
Current service cost	749	295
Interest cost	49	24
Actuarial (gain)/loss	662	10
Liability assumed on amalgamation	-	-
Benefits paid	-	-
Closing defined benefit obligation	**2,108**	**648**

Debited in the previous year's profit and loss account as the liability was calculated for the first time in previous year since no employee had completed five years of service in the Company prior to the previous year.

(Rs. in '000)

Change in fair value of plan assets	For the year ended March 31, 2009	For the year ended March 31, 2008
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	**-**	**-**

(Rs. in '000)

Investment details of plan assets	For the year ended March 31, 2009	For the year ended March 31, 2008
Investment details of plan assets	-	-

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2009	For the year ended March 31, 2008
Discount rate	7.50%	7.50%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	6% per annum	6% per annum

Valuation assumptions

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

b) Leave encashment

As per Company's policy, provision of Rs.2,028,140/- has been made towards compensated absences, calculated on the basis of unutilised leave.

B. Defined contribution plans

- Amount recognised as an expense and included in the Schedule I – 'Contribution to provident fund & other funds' Rs. 2,560,496/- (previous year Rs. 808,143/-).

10 Disclosure with respect to the Company's interest in joint ventures pursuant to AS 27 on 'Financial Reporting of Interests in Joint Venture'.

(Rs. in '000)

Sr. No.	Particulars	Country of incorporation	Proportion of ownership interest as at March 31, 2009	Proportion of ownership interest as at March 31, 2008
a.	**Name of the joint venture company**			
	Morgan Stanley India Company Private Limited (49 % ownership interest till September 30, 2007)	India	-	-
	Infinite India Investment Management Private Limited	India	50%	50%
b.	**Aggregate of the Company's share in the above ventures in:**			
	Net fixed assets		2,656	2,005
	Investments		11,573	813
	Net current assets		(6,496)	8,319
	Deferred tax asset		624	184
	Income		83,534	# 907,616
	Expenses (including depreciation & taxation)		65,688	# 595,466

Note:

The ownership interest for the current year and for the previous year has been calculated on the basis of the audited accounts of the joint venture entities.

includes unaudited figures for the first six months ended September 30, 2007 of Morgan Stanley India Company Private Limited.

11 Auditor's Remuneration *

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Audit fees	400	400
Certification	55	50
Limited review	150	150
Tax Audit	50	75
Reimbursement of Expenses	7	4
Total	**662**	**679**

*Above fees is exclusive of service tax of Rs.71,688/- (previous year Rs.83,924/-)

12 Managerial remuneration:

(a) Computation of net profit as per Sections 349 & 350 of the Act

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Profit before tax as per profit and loss account	131,514	17,517,906
Add: Directors' sitting fees	716	289
Provision for diminution in value of investments	18,255	-
Directors' commission provided	1,200	4,500
Managerial remuneration paid/provided	6,000	6,522
	157,685	17,529,217
Less: Profit on sale of investments (Net)	19,733	17,441,931
Profit available for managerial remuneration	137,952	87,286
Managerial remuneration calculated @ 5%	***6,898***	***4,364***

(b) Remuneration paid/payable to the Managing Director/(Manager)

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Managerial remuneration calculated @ 5%	***6,898***	***4,364***
Salary and bonus	5,661	1,907
Contribution to provident fund and other funds	339	115
Total	6,000	2,022

Note: The above remuneration for current year includes Rs. 3,599,866/- provided pending approval of the Central Government under the other applicable provisions of the Act.

(c) Directors' commission provided

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Directors' commission calculated @ 1%	1,380	873
Directors' commission proposed by the Board and provided for	1,200	4,500

Note: The approval of the Central Government for payment of commission of Rs.4,500,000/- to the non-executive directors for the previous financial year is awaited.

13 Expenditure/amount spent in foreign currency (On accrual basis):

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Purchase of Investments	-	794,200
Board meeting fees	9	5
Other expenditure	1,157	-
Total	**1,166**	**794,205**

14 Amount remitted in foreign currency on account of dividend:

(Rs. in '000)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Dividend Amount	46,115	9,492
Number of Shareholders	3	3
Number of Shares (face value of Rs. 10/- each)	1,844,595	1,898,446

15 During the year, the Company changed the method of provision for depreciation on fixed assets other than office premises and asset taken on lease from written down value method to straight line method. As a result, excess depreciation provided has been written back and adjusted with current year's depreciation in the Profit and Loss Account. Consequently, depreciation for the year is lower by Rs. 537,030/-, net block of Fixed Assets is higher by Rs. 537,030/- and profit after tax is higher by Rs. 354,494/-

16 a) As the Company is mainly holding the investments in its subsidiaries, joint venture and associate companies, there are no reportable segments.

b) Geographical segment is also not applicable to the Company.

17 Disclosure in respect of related parties is attached as per annexure I

18 Statement of cash flow is attached as per annexure II

19 In the context of global financial crisis and its severe impact on the Indian Capital Markets including the stock markets, the Company has decided to provide Rs. 18,255,000/- towards the diminution in the value of individual shares of listed companies in their long term investment portfolio, where the market value is lower than the cost considering the same to be other than temporary.

20 Interest expense includes Rs. 363,844/- (previous year Rs. 207,817/-) towards interest on fixed loan and Rs. 18,748/- (previous year Rs. 298,503/-) towards interest on loan other than fixed loan.

21 Previous year figures have been re-grouped and re-arranged wherever necessary.

22 Other additional disclosures require under paras 3, 4C and 4D of Part II of Schedule VI to the Act are not applicable to the Company.

Annexure I to note 17 of Part II of Schedule N

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 Consultants Private Limited (IBD)
JM Financial Services Private Limited (Financial Services)
JM Financial Investment Managers Limited (Investment Managers)
JM Financial Commtrade Limited (Commtrade)
JM Financial Ventures Limited (SSF)
JM Financial Products Private Limited (NBFC)
JM Financial Securities Private Limited (FID)
JM Financial Institutional Securities Private Limited (IED)
JM Financial Asset Management Private Limited (AMC)
JM Financial Holdings (Mauritius) Ltd (JMFM)
JMF-BR Investments Holdings (Mauritius) Ltd (JMFBR)
Oracle Enterprises Private Limited (Oracle)
JM Financial Overseas Holdings Private Limited (Overseas)
JM Financial Insurance Broking Private Limited (Insurance Broking)

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

a) Joint venture

Infinite India Investment Management Private Limited (Infinite)

b) Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)
Financial Engineering Solutions Private Limited (FES)
JM Financial Trustee Company Private Limited (Trustee)

c) Partnership Firm

Stellar Investments (Stellar)

d) Key management person

Mr. Nimesh N Kampani (NNK)

e) Relative of key management person

Mr. Ashith N Kampani (ASNK)

f) Enterprise over which Key management person is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)

B. I) No amounts in respect of related parties have been written off/back during the year.

II) Amount provided for diminution in the value of investments in respect of related parties is Rs. 15,000,000/- (previous year Rs. 15,000,000/-).

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

Annexure I to note 17 of Part II of Schedule N (contd.)

Related Party Disclosures :

	Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Person		Enterprise over which Individual in II (d) above is able to exercise significant influence		Total (Rs.in '000)	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Investments made in (Refer Investment Schedule)	900,000	7,910,000	-	869,500	-	23,700	-	-	-	-	-	-	900,000	8,803,200
Investment redeemed (Refer Investment Schedule)	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000	-
Investments sold														
Financial Services	-	75,000	-	-	-	-	-	-	-	-	-	-	-	75,000
IBD	-	149,455	-	-	-	-	-	-	-	-	-	-	-	149,455
SSF	-	186,555	-	-	-	-	-	-	-	-	-	-	-	186,555
Investment Managers	825,414	-	-	-	-	-	-	-	-	-	-	-	825,414	-
Purchase of fixed assets														
IBD	3,271	-	-	-	-	-	-	-	-	-	-	-	3,271	-
IED	166	-	-	-	-	-	-	-	-	-	-	-	166	-
Financial Services	377	-	-	-	-	-	-	-	-	-	-	-	377	-
Sale of fixed assets														
ARC	-	-	1,011	-	-	-	-	-	-	-	-	-	1,011	-
Employee related transfers from														
IBD	4,418	-	-	-	-	-	-	-	-	-	-	-	4,418	-
Dividend Paid to														
JMFICS	-	-	-	-	-	-	-	-	-	-	203,107	40,621	203,107	40,621
Group support fees														
IBD	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
Investment Managers	12,000	-	-	-	-	-	-	-	-	-	-	-	12,000	-
IED	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
Infinite	-	-	-	-	6,000	-	-	-	-	-	-	-	6,000	-
NBFC	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
ARC	-	-	6,000	-	-	-	-	-	-	-	-	-	6,000	-
Financial Services	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
AMC	6,000	-	-	-	-	-	-	-	-	-	-	-	6,000	-
Group support charges														
IBD	21,000	200,000	-	-	-	-	-	-	-	-	-	-	21,000	200,000

Annexure I to note 17 of Part II of Schedule N (contd.)

Related Party Disclosures :

	Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Person		Enterprise over which Individual in II (d) above is able to exercise significant influence		Total (Rs.in '000)	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Rent Income received														
Financial Services	1,373	1,373	-	-	-	-	-	-	-	-	-	-	1,373	1,373
Rent Expenses paid														
JMFICS	-	-	-	-	-	-	-	-	-	-	4,115	4,889	4,115	4,889
Interest Income received														
IBD	-	102	-	-	-	-	-	-	-	-	-	-	-	102
Commtrade	-	874	-	-	-	-	-	-	-	-	-	-	-	874
Infinite	-	-	-	-	-	1,970	-	-	-	-	-	-	-	1,970
Investment Managers	-	310	-	-	-	-	-	-	-	-	-	-	-	310
SSF	-	7,521	-	-	-	-	-	-	-	-	-	-	-	7,521
Interest Expenses Paid														
NBFC	331	176	-	-	-	-	-	-	-	-	-	-	331	176
Remuneration														
NNK	-	-	-	-	-	-	6,000	-	-	-	-	-	6,000	-
Board Meeting Fees													-	-
NNK	-	-	-	-	-	-	5	43	-	-	-	-	5	43
ASNK	-	-	-	-	-	-	-	-	70	35	-	-	70	35
Audit Committee Sitting Fees													-	-
ASNK	-	-	-	-	-	-	-	-	43	12	-	-	43	12
Compensation Committee Sitting Fees														
NNK	-	-	-	-	-	-	3	-	-	-	-	-	3	-
Conveyance														
NNK	-	-	-	-	-	-	1	-	-	-	-	-	1	-
ASNK	-	-	-	-	-	-	-	-	5	-	-	-	5	-
Expenses reimbursed:														
IBD	40,174	42,477	-	-	-	-	-	-	-	-	-	-	40,174	42,477

Annexure I to note 17 of Part II of Schedule N (contd.)

Related Party Disclosures:

	Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Person		Enterprise over which Individual in II (d) above is able to exercise significant influence		Total (Rs.in '000)	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
IED	377	-	-	-	-	-	-	-	-	-	-	-	377	-
AMC	14	5	-	-	-	-	-	-	-	-	-	-	14	5
Commtrade	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Investment Managers	613	4	-	-	-	-	-	-	-	-	-	-	613	4
NBFC	-	2,505	-	-	-	-	-	-	-	-	-	-	-	2,505
FID	-	482	-	-	-	-	-	-	-	-	-	-	-	482
Financial Services	-	1	-	-	-	-	-	-	-	-	-	-	-	1
Expenses Recoverd:														
Investment Managers	10,645	3,704	-	-	-	-	-	-	-	-	-	-	10,645	3,704
Infinite	-	-	-	-	6,211	2,878	-	-	-	-	-	-	6,211	2,878
Commtrade	451	3,760	-	-	-	-	-	-	-	-	-	-	451	3,760
IBD	20,766	3,976	-	-	-	-	-	-	-	-	-	-	20,766	3,976
FID	2,330	324	-	-	-	-	-	-	-	-	-	-	2,330	324
ARC	-	-	22,550	4,793	-	-	-	-	-	-	-	-	22,550	4,793
IED	8,251	804	-	-	-	-	-	-	-	-	-	-	8,251	804
AMC	7,414	1,996	-	-	-	-	-	-	-	-	-	-	7,414	1,996
NBFC	9,895	3,153	-	-	-	-	-	-	-	-	-	-	9,895	3,153
Financial Services	6,720	2,456	-	-	-	-	-	-	-	-	-	-	6,720	2,456
Trustee	-	-	67	67	-	-	-	-	-	-	-	-	67	67
FES	-	-	10	-	-	-	-	-	-	-	-	-	10	-
SSF	638	185	-	-	-	-	-	-	-	-	-	-	638	185
Oracle	103	-	-	-	-	-	-	-	-	-	-	-	103	-
JMFICS	-	-	-	-	-	-	-	-	-	-	5	-	5	-
Deposits placed														
Commtrade	-	113,000	-	-	-	-	-	-	-	-	-	-	-	113,000
Infinite	-	-	-	-	-	10,000	-	-	-	-	-	-	-	10,000
Deposits received back														
Commtrade	-	113,000	-	-	-	-	-	-	-	-	-	-	-	113,000
Investment Managers	-	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Infinite	-	-	-	-	-	85,000	-	-	-	-	-	-	-	85,000
SSF	-	150,000	-	-	-	-	-	-	-	-	-	-	-	150,000
IBD	-	124,500	-	-	-	-	-	-	-	-	-	-	-	124,500

Annexure I to note 17 of Part II of Schedule N (contd.)

Related Party Disclosures :

	Subsidiaries		Associates		Joint Ventures		Key Management Personnel		Relatives of Key Management Person		Enterprise over which Individual in II (d) above is able to exercise significant influence		Total (Rs.in '000)	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Property deposits Repaid														
JMFICS	-	-	-	-	-	-	-	-	-	-	17,000	-	17,000	-
Directors Commission														
ASNK	-	-	-	-	-	-	-	-	100	500	-	-	100	500
Outstanding Balance														
Investments in	14,024,213	13,144,213	893,750	893,750	23,800	23,800	-	-	-	-	-	-	14,941,763	14,061,763
Property deposits received from														
Financial Services	10,000	10,000	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Property deposits Paid to														
JMFICS	-	-	-	-	-	-	-	-	-	-	-	17,000	-	17,000
Expenses Recoverable													-	-
Investment Managers	378	890	-	-	-	-	-	-	-	-	-	-	378	890
Infinite	-	-	-	-	103	452	-	-	-	-	-	-	103	452
IED	-	812	-	-	-	-	-	-	-	-	-	-	-	812
AMC	67	1,951	-	-	-	-	-	-	-	-	-	-	67	1,951
ARC	-	-	17,492	4,775	-	-	-	-	-	-	-	-	17,492	4,775
Commtrade	3,857	3,759	-	-	-	-	-	-	-	-	-	-	3,857	3,759
NBFC	-	772	-	-	-	-	-	-	-	-	-	-	-	772
FID	63	247	-	-	-	-	-	-	-	-	-	-	63	247
Financial Services	5,951	1,603	-	-	-	-	-	-	-	-	-	-	5,951	1,603
Trustee	-	-	-	67	-	-	-	-	-	-	-	-	-	67
SSF	-	46	-	-	-	-	-	-	-	-	-	-	-	46
Payables														
IBD	529	9,812	-	-	-	-	-	-	-	-	-	-	529	9,812
IED	52	-	-	-	-	-	-	-	-	-	-	-	52	-
NBFC	1,689	2,138	-	-	-	-	-	-	-	-	-	-	1,689	2,138
ASNK	-	-	-	-	-	-	-	-	600	500	-	-	600	500
NNK	-	-	-	-	-	-	3,600	-	-	-	-	-	3,600	-

Annexure II to note 18 of Part II of Schedule N

Statement of Cash Flow for the year ended March 31, 2009

(Rs . in '000)

		For the year Ended 31.03.2009	For the year Ended 31.03.2008
	Cash flow from operating activities		
A	Net Profit before tax	131,514	17,517,906
	Adjustment for :		
	Depreciation	2,657	1,028
	(Profit)/ Loss on sale of investments	(19,733)	(17,441,930)
	Dividend income	(1,414)	(181,768)
	Loss on transfer of fixed assets	160	-
	Interest paid on borrowings	-	299
	Interest expense	383	-
	Provision for diminution in the value of investments	18,255	-
	Provision for gratuity	1,459	648
	Provision for leave encashment	1,450	578
	Operating profit/(loss) before working capital changes	**134,731**	**(103,239)**
	Adjustment for :		
	Trade & other receivables	(16,676)	(41,491)
	Trade payables	(32,919)	39,964
	Cash generated from operations	**85,136**	**(104,766)**
	Direct taxes paid	(55,870)	(3,615,940)
	Net cash from/(used in) operating activities	**29,266**	**(3,720,706)**
B	**Cash flow from investment activities**		
	Purchase of mutual fund units	-	(52,673,866)
	Sale of mutual fund units	-	53,482,368
	Purchase of investments	(900,000)	(13,944,218)
	Sale of investments	874,963	18,869,898
	Purchase of assets	(5,417)	(7,613)
	Sale of assets	1,130	-
	Income from dividend	1,414	181,768
	Net cash from/(used in) investment activities	**(27,910)**	**5,908,337**

Annexure II to note 18 of Part II of Schedule N (cont.)

(Rs . in '000)

	For the year Ended 31.03.2009	For the year Ended 31.03.2008
C Cash flow from financing activities		
Proceeds from issue of Share Capital/Premium	55	243
Placement of inter corporate deposit	-	(123,000)
Repayment of inter corporate deposit placed	-	492,500
Unsecured loan	465	1,491
Proceeds from borrowings	-	794,200
Repayment of borrowings	-	(794,200)
Interest paid on borrowings	-	(299)
Interest expense	(383)	-
Dividend paid including dividend distribution tax	(877,463)	(175,493)
Net cash from/(used in) financing activities	**(877,326)**	**195,442**
Net increase in cash & cash equivalents	(875,970)	2,383,073
Cash & cash equivalents (opening)	2,391,278	8,205
Cash & cash equivalents (closing)	**1,515,308**	**2,391,278**

Previous year's figures have been regrouped/rearranged to confirm to the current year's presentation, wherever necessary

As per our attached report of even date

For and on behalf of Khimji Kunverji & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh N Kampani
Chairman &
Managing Director

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: July 6, 2009

Place: Singapore
Date: July 1, 2009

Place: Mumbai
Date: June 29, 2009

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

Balance Sheet Abstract and General Business Profile

(Rs . in '000)

a.	**Registration details**	
	Registration no.: L67120MH1986PLC038784	**State Code : 11**
	Balance sheet date: 31.03.2009	
b.	**Capital raised during the year**	
	Public issue	-
	Rights issue	-
	Bonus issue	449,870
	Private placement	-
c.	**Position of mobilisation and deployment of funds**	
	Total liabilities	17,617,159
	Total assets	17,617,159
	Sources of Funds	
	Paid-up capital	749,668
	Reserves and surplus	15,714,041
	Deferred tax liabilities	1,150,635
	Secured loans	-
	Unsecured loans	2,815
	Application of Funds	
	Net fixed assets	17,139
	Investments	15,240,803
	Net current assets	2,359,217
	Miscellaneous expenditure	-
	Accumulated losses	-
d.	**Performance of the Company**	
	Turnover (Including other income)	245,444
	Total Expenditure	113,930
	Profit before tax	131,514
	Profit after tax	79,666
	Earnings per share (in Rs.)	0.11
	Dividend per share (in Rs.)	0.20
e.	**Generic Names of Principal Products of the Company**	
	Item code no. (ITC code)	Not applicable
	Product description	Not applicable

Financial information of the subsidiary companies for the year ended March 31, 2009

(Rs. / USD in '000)

Name of the Subsidiary	Currency	Paid up Capital	Reserves	Total assets including investments	Investments[a]	Total liabilities[b]	Turnover	Profit / (Loss) before Tax	Provision for taxation	Profit / (Loss) after Tax	Dividend proposed[c]
JM Financial Consultants Private Limited	INR	280,000	4,583,908	5,014,633	123,645	150,725	853,888	41,434	1,326	40,108	-
JM Financial Services Private Limited[d]	INR	155,000	2,002,244	3,618,769	9	1,461,525	1,495,558	(95,687)	(982)	(94,706)	-
JM Financial Insurance Broking Private Limited[e]	INR	100	(141)	100	-	141	-	(141)	-	(141)	-
JM Financial Investment Managers Limited	INR	18,000	1,087,257	1,131,843	827,032	26,586	298,175	151,974	46,928	105,046	-
JM Financial Commtrade Limited[e]	INR	75,000	(62,793)	20,259	486	8,052	2,058	(14,640)	28	(14,668)	-
JM FinancialVentures Limited	INR	90,000	1,695,714	1,850,968	1,716,000	65,254	49,998	(1,318,809)	1,037	(1,319,846)	-
Oracle Enterprises Private Limited[f]	INR	10,100	(3,488)	7,445	39	833	978	(3,423)	-	(3,423)	-
JM Financial Products Private Limited	INR	5,445,000	1,283,774	8,516,123	1,485,492	1,787,349	1,030,869	744,620	190,456	554,164	191,111
JM Financial Securities Limited[g]	INR	50,000	26,684	79,297	40,400	2,613	32,294	1,872	47	1,826	-
JM Financial Institutional Securities Private Limited[d]	INR	93,500	393,506	559,628	10,066	72,622	313,815	(84,905)	281	(85,186)	-
JM Financial Asset Management Private Limited	INR	586,957	645,450	1,271,606	616,563	39,200	403,555	(54,537)	2,400	(56,937)	-
JM Financial Overseas Holdings Private Limited[d]	INR* USD	1,274 25	(559) (11)	942 18	51 1	227 4	- -	(559) (11)	- -	(559) (11)	- -
JM Financial Holdings (Mauritius) Ltd	INR* USD	510 10	(433) (8)	153 3	- -	76 2	- -	(89) (2)	- -	(89) (2)	- -
JMF-BR Investment Holdings (Mauritus) Ltd	INR* USD	312,196 6,127	33 1	313,263 6,148	311,814 6,120	1,034 20	1,524 30	31 1	- -	31 1	- -

* Exchange rate as on March 31, 2009: 1 USD = Rs. 50.95

Notes:

a. Investments excludes investment in subsidiaries.
b. Total liabilities excludes paid-up capital and reserves & surplus.
c. Dividend proposed includes dividend distribution tax.
d. Wholly owned subsidiary of JM Financial Consultants Private Limited, which is a subsidiary of the Company.
e. Wholly owned subsidiary of JM Financial Services Private Limited, which is a subsidiary of the Company.
f. Wholly owned subsidiary of JM FinancialVentures Limited, which is a subsidiary of the Company.
g. Wholly owned subsidiary of JM Financial Products Private Limited, which is a subsidiary of the Company.

Auditors' Report on Consolidated Financial Statements

To
The Board of Directors
JM Financial Limited

1. We have audited the attached consolidated balance sheet of JM Financial Limited (the 'Company') and its Subsidiaries, Joint Venture and Associates (collectively referred to as 'JM Financial Group') as at March 31, 2009 and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the Consolidated Financial Statements (CFS) of the Company and entities covered in the Group as referred to in Note 1 of Part II of Schedule N have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", AS 23 "Accounting for Investment in Associates in Consolidated Financial Statements" and AS 27 "Financial Reporting of Interests in Joint Ventures", as notified in Companies (Accounting Standards) Rules, 2006.

4 (a) Included in this CFS are assets of Rs. 1,762.47 crore as at March 31, 2009, revenues of Rs. 380.31 crore and net cash inflows of Rs. (297.21) crore of the subsidiaries and profits of Rs. 0.20 crore of the associates 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.

(b) Further the CFS includes assets of Rs. 31.42 crore, revenues of Rs. 0.15 crore and net cash inflow of Rs. 0.17 crore of two subsidiaries which are based on unaudited financial statements of these subsidiaries, and our opinion in so far as it relates to those amounts is based solely on such unaudited financial statements.

5. Without qualifying our report, we draw attention to Note 8 of Part II of Schedule N, regarding managerial remuneration paid/provided of Rs. 3.45 crore (previous year Rs. 6.51 crore), which is in excess of limits prescribed by the Companies Act,1956, and which is pending the approval of Central Government.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements/management's certification and on other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, read together with para 4 above, 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 JM Financial Group as at March 31, 2009;

   b) In the case of the consolidated profit and loss account, of the loss of JM Financial Group for the year ended on that date; and

   c) In the case of the consolidated cash flow statement, of the cash flows of JM Financial Group for the year ended on that date.

For and on behalf of
Khimji Kunverji & Co
Chartered Accountants

Shivji K.Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

Consolidated Balance Sheet as at March 31, 2009

(Rs. in crore)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	A	74.97	29.98
Reserves & surplus	B	1,592.14	1,759.95
Capital reserve on consolidation		80.34	80.34
		1,747.45	**1,870.27**
Minority interest		124.44	100.70
Loan funds	C	133.76	1,022.74
Deferred tax liability		115.06	115.00
Less: Deferred tax assets		14.16	1.32
Net Deferred tax liability		**100.90**	**113.68**
Funds employed		**2,106.55**	**3,107.39**
APPLICATION OF FUNDS			
Goodwill on consolidation		154.85	107.65
Fixed assets	D		
Gross block		110.13	91.32
Less: Accumulated depreciation		66.70	55.35
Net block		43.43	35.97
Capital work in progress		2.42	3.08
		45.85	**39.05**
Investments	E	602.63	889.76
Current assets, loans & advances			
Securities held as stock in trade		78.91	4.87
Sundry debtors	F	42.80	266.60
Cash and bank balances	G	524.60	902.39
Loans and advances	H	917.71	1,486.52
		1,564.02	2,660.38

(Rs. in crore)

	Schedule	As at 31.03.2009	As at 31.03.2008
Continued …			
Current liabilities & provisions			
Current liabilities	I	204.56	482.84
Provisions	J	56.24	106.61
		260.80	589.45
Net current assets		**1,303.22**	**2,070.93**
Funds utilised		**2,106.55**	**3,107.39**
Significant accounting policies & notes on accounts	N		

The schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of Khimji Kunverji & Co.
Chartered Accountants

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman &
Managing Director

Place: Singapore
Date: July 1, 2009

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: June 29, 2009

Consolidated Profit & Loss account for the year ended March 31, 2009

(Rs. in crore)

	Schedule	For the year ended 31.03.2009	For the year ended 31.03.2008
Income			
Fees, brokerage and commission		256.76	540.48
Securities funding and fund based activities		90.36	86.24
		347.12	626.72
Interest & other income	K	78.71	115.57
Total income		**425.83**	**742.29**
Expenditure	L	**299.12**	**407.48**
Profit before depreciation & interest		**126.71**	**334.81**
Less: Depreciation		12.11	9.79
Interest		20.39	32.83
Profit before provisions		**94.21**	**292.19**
Provision for diminution in the value of investments		136.72	-
Provision for mark-to-market loss on securities held as a result of underwriting		17.18	-
Provision on standard assets		18.79	12.04
Profit/(Loss) before exceptional items & tax		**(78.48)**	**280.15**
Add: Exceptional items (Net)	M	-	1,509.60
Profit/(Loss) before tax		**(78.48)**	**1,789.75**
Provision for taxation			
Current tax		39.66	338.73
Deferred tax		(12.77)	115.32
Fringe benefit tax		1.18	1.42
Tax adjustment of earlier years (Net)		1.43	0.06
Profit/(Loss) after tax		**(107.98)**	**1,334.22**
Less: Share of minority interest (Net)		(0.19)	9.84
Add: Share of profit/(loss) in associate companies		2.58	(17.32)
Net consolidated profit/(loss)		**(105.21)**	**1,307.06**
Add: Balance profit brought forward from earlier year		1,225.40	165.30
Less: Adjustment as per AS 15 and others		-	0.83
Profit available for appropriation		**1,120.19**	**1,471.53**

(Rs. in crore)

	Schedule	For the year ended 31.03.2009	For the year ended 31.03.2008
Continued …			
Appropriations			
Proposed dividend			
- Normal		15.00	15.00
- Special		-	60.00
Dividend distribution tax on proposed dividend			
- of the company		0.05	12.75
- of the subsidiaries		2.50	0.08
General reserve		1.00	150.00
Statutory reserve		11.09	13.15
Debenture redemption reserve		-	(4.85)
Surplus carried to balance sheet		1,090.55	1,225.40
		1,120.19	**1,471.53**
Earnings per share (EPS) (Face value of Rs.1/- each) (Refer note 9)			
Basic & Diluted EPS			
- Before exceptional items		(1.40)	2.00
- After exceptional items		(1.40)	17.43
Significant accounting policies & notes on accounts	**N**		

The schedules referred to above form an integral part of the financial statements.

As per our attached report of even date

For and on behalf of Khimji Kunverji & Co.
Chartered Accountants

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman &
Managing Director

Place: Singapore
Date: July 1, 2009

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: June 29, 2009

SCHEDULE 'A'
SHARE CAPITAL

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Authorised: 1,000,000,000 (50,000,000) equity shares of Re 1/- (Rs.10/-) each	100.00	50.00
Issued, subscribed and paid up : 749,782,500 (30,000,000) equity shares of Re.1/- (Rs.10/-) each fully paid-up. (Of the above 12,500,000 (1,250,000) equity shares of Re.1/- (Rs.10/-) each issued for consideration other than cash and 449,869,500 (nil) shares are allotted as fully paid bonus shares by capitalisation of reserves)	74.98	30.00
Less: Equity shares held under abeyance	0.01	0.01
Less: Calls in arrears	-	0.01
TOTAL	**74.97**	**29.98**

SCHEDULE 'B'
RESERVES & SURPLUS

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Securities premium	306.15	351.22
Capital redemption reserve	1.79	1.79
General reserve	169.40	168.40
Statutory reserve	24.24	13.15
Surplus in profit and loss account	1,090.55	1,225.40
Capital reserve	#	-
Deferred employee compensation expense	#	-
Currency translation reserve	0.01	(0.01)
TOTAL	**1,592.14**	**1,759.95**

Below Rs.50,000/-

SCHEDULE 'C'
LOAN FUNDS

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Unsecured loans		
Short Term		
Non convertible debentures	-	380.00
Commercial papers	130.00	640.00
Others	3.10	2.15
Long Term		
Dues under finance lease	0.66	0.59
TOTAL	**133.76**	**1,022.74**

SCHEDULE 'D'
FIXED ASSETS

(Rs. in crore)

Particulars	Gross block				Depreciation / Amortisation				Net block	
	As at 31.03.2008	Additions for the year	Deductions for the year	As at 31.03.2009	As at 31.03.2008	Additions for the year	Deductions for the year	As at 31.03.2009	As at 31.03.2009	As at 31.03.2008
Owned Assets										
Tangible										
Office premises	7.79	-	-	7.79	3.63	0.05	-	3.68	4.11	4.16
Leasehold improvements	5.59	4.97	-	10.56	2.48	1.38	-	3.86	6.70	3.11
Computers	28.12	4.23	0.23	32.12	20.31	2.84	0.09	23.06	9.06	7.81
Office equipments	11.25	3.62	0.14	14.73	6.13	2.09	0.10	8.12	6.61	5.12
Furniture and fixtures	9.05	4.43	-	13.48	4.41	1.18	-	5.59	7.89	4.64
Motor vehicles	0.37	-	-	0.37	0.08	0.07	-	0.15	0.22	0.28
Intangible										
Software	8.97	1.89	0.02	10.84	4.77	1.28	0.01	6.04	4.80	4.20
Stock exchange membership	1.43	-	-	1.43	1.29	0.14	-	1.43	-	0.14
Stock exchange non refundable deposit	0.09	-	-	0.09	0.08	0.01	-	0.09	-	0.01
Other intangible assets	10.00	-	-	10.00	9.01	0.99	-	10.00	-	0.99
Leased Assets					-	-	-			
Vehicles	5.57	0.98	0.93	5.62	1.82	1.77	0.56	3.03	2.59	3.75
Assets held for disposal	3.10	#	-	3.10	1.34	0.31	-	1.65	1.45	1.76
TOTAL	**91.32**	**20.12**	**1.32**	**110.13**	**55.35**	**12.11**	**0.76**	**66.70**	**43.43**	**35.97**
Previous year	75.93	17.52	2.13	91.32	47.08	9.79	1.52	55.35	35.97	

Below Rs.50,000/-

SCHEDULE 'E'
INVESTMENTS

(Rs. in crore)

Particulars	As at 31.03.2009		As at 31.03.2008	
	Quantity	Amount	Quantity	Amount
I LONG TERM INVESTMENTS				
A TRADE INVESTMENTS				
1 JM Financial Asset Reconstruction Company Private Limited	86,950,000	86.95	86,950,000	86.95
Add: Share of post acquisition profit / (loss)		0.58		(1.81)
		87.53		85.14
2 Financial Engineering Solutions Private Limited	2,400,000	2.40	2,400,000	2.40
(Including goodwill on investment Rs. 0.40 crore)				
Add: Share of post acquisition profit / (loss)		(1.81)		(1.47)
		0.59		0.93
3 JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add: Share of post acquisition profit / (loss)		1.44		0.90
		1.47		0.93
B OTHER INVESTMENTS				
1 EQUITY SHARES / WARRANTS				
a) Quoted		268.73		308.44
b) Unquoted		69.12		62.57
2 PREFERENCE SHARES		8.98		15.53
3 VENTURE CAPITAL UNITS* / SECURITISED ASSETS		102.85		106.66
4 EQUITY ORIENTED MUTUAL FUND SCHEMES		7.59		7.59
		546.86		**587.79**
Less: Provision for diminution in the value of investments		128.57		1.50
		418.29		**586.29**
II CURRENT INVESTMENTS - MUTUAL FUND UNITS		184.34		303.47
TOTAL		**602.63**		**889.76**

* Includes initial contribution as a ' Sponsor' towards setting up of JM Financial Sponsored Funds, which cannot be sold off / transferred.

SCHEDULE 'F'
SUNDRY DEBTORS

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Debts outstanding for a period exceeding six months	3.87	3.21
Other debts	41.51	265.33
	45.38	268.54
Less: Provision	2.58	1.94
TOTAL	**42.80**	**266.60**

SCHEDULE 'G'
CASH & BANK BALANCES

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Cash on hand	0.03	0.04
Bank balance with schedule banks:		
- In current accounts	119.14	68.73
- In fixed deposits	405.43	833.62
TOTAL	**524.60**	**902.39**

SCHEDULE 'H'
LOANS & ADVANCES

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Loans & advances recoverable		
- Secured	603.22	1,204.91
- Unsecured considered good	81.24	96.71
	684.46	1301.62
Less: Provision	2.17	0.08
	682.29	1301.54
Deposits	68.43	56.38
Advance tax & tax deducted at source (Net of provisions)	159.11	127.11
Others	7.88	1.49
TOTAL	**917.71**	**1,486.52**

SCHEDULE 'I'
CURRENT LIABILITIES

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
Sundry creditors	188.76	400.35
Unclaimed dividend	0.45	0.23
Due under finance lease	0.20	0.76
Other liabilities	15.15	81.50
TOTAL	**204.56**	**482.84**

SCHEDULE 'J'
PROVISIONS

(Rs. in crore)

	As at 31.03.2009	As at 31.03.2008
For gratuity	4.62	4.01
For leave encashment	3.59	2.64
For standard assets	28.57	12.13
For proposed dividend		
- of the Company		
• Normal	15.00	15.00
• Special	-	60.00
- of the subsidiary (to minority shareholders)	1.63	-
For dividend distribution tax on proposed dividend		
- of the Company	0.05	12.75
- of the subsidiary	2.78	0.08
TOTAL	**56.24**	**106.61**

SCHEDULE 'K'
INTEREST & OTHER INCOME

(Rs. in crore)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Interest	46.19	51.38
Dividend	20.12	34.45
Profit on sale of investments (Net)	3.42	12.34
Gain on proprietary trading (Net)	1.18	7.01
Miscellaneous income	7.80	10.39
TOTAL	**78.71**	**115.57**

SCHEDULE 'L'
EXPENDITURE

(Rs. in crore)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Payments to and provisions for employees:		
- Salaries and bonus	153.37	219.77
- Contribution to provident fund and other funds	5.94	4.48
- Staff welfare	2.67	2.86
	161.98	**227.11**
Subbrokerage, fees and commission	49.46	97.34
Rent, rates and taxes	28.46	21.27
Fund expenses	8.58	16.27
Legal and professional fees	9.08	9.38
Telephone and mobile expenses	6.24	5.59
Repairs and maintenance	7.29	5.46
Travelling expenses	3.55	5.43
Membership and subscription	4.85	3.87
Electricity	4.60	3.37
Provision for doubtful debts	1.75	1.01
Insurance expenses	0.74	0.56
Donation	0.17	0.41
Bad debts written off	1.20	0.41
Auditors' remuneration	0.68	0.51
Loss on foreign exchange fluctuations (net)	0.39	0.12
Loss on sale of assets (net)	0.06	0.10
Directors' commission	0.12	0.45
Miscellaneous expenses	9.92	8.82
TOTAL	**299.12**	**407.48**

SCHEDULE 'M'
EXCEPTIONAL ITEMS

(Rs. in crore)

	For the year ended 31.03.2009	For the year ended 31.03.2008
Profit on sale of investments (Net)	-	1,629.89
Payment to and provisions for employees	-	(110.29)
Donation	-	(10.00)
TOTAL	**-**	**1,509.60**

SCHEDULE 'N'

Significant accounting policies and notes on accounts

I. Significant accounting policies

1. Accounting convention

The consolidated financial statements (CFS) comprises the financial statements of JM Financial Limited ("Company") and its subsidiaries, associates and joint venture companies (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared under the historical cost convention on an accrual basis in compliance with material aspect of the notified Accounting Standards (AS) prescribed by Companies (Accounting Standard) Rules, 2006.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions to be made 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/materialise.

3. Principles of consolidation

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

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

Interests in Joint ventures have been accounted by using the proportionate consolidation method as per AS 27 - "Financial Reporting of Interests in Joint Ventures".

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 recognized in the CFS as goodwill/capital reserve.

4. Revenue recognition

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

a) 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 arranger's fees for mobilising debt 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.

b) Commission income from executing client transactions on the secondary market in 'Cash' and 'Futures and Options' segments is recognised in the accounts on the trade date.

c) 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.

d) Income from structured products including processing fees, IPO financing and margin financing revenues, income from depository participant business and income from portfolio management services is recognised when the services are determined to be completed.

e) Dividend income is recognised when the Company's right to receive the dividend is established.

f) Interest income is recognised on accrual basis.

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 of all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided on the Straight line method (SLM), based on rates as per management's estimate of useful lives of the fixed assets, or at the rates prescribed in Schedule XIV to the Act whichever is higher, as per the following table:

Asset	Useful Life
Furniture	10 years
Office Equipment	5 years
Computers	5 years
Leasehold Improvements	10 years or lease period whichever is lower
Office Premises	61 years

Assets costing Rs. 5,000/- or less are depreciated at 100%.

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 accounted for at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. At the end of lease term, asset will revert back to the lessor, hence they are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

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 recoverable amount (i.e. the higher of the asset's 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 profit and loss account.

7. Investments

Investments are classified as long term or current. Long term investments are carried at cost, however, provision for diminution in the value of long-term 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 long-term investments is made to account the value at lower of cost and market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted long-term investments is made as per the Management's estimate. Current investments are carried at lower of cost or market value.

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

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

9. Taxation

Tax expense comprises current, deferred and fringe benefit 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 differences 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.

Fringe benefit tax is provided for in accordance with the provisions of Income Tax Act, 1961.

10. Retirement benefits

a) Defined contribution plan

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

b) Defined benefit plan

The Company's liabilities under the Payment of Gratuity Act 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 account 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.

c) Short term leave encashment

The Company provides for short term accumulated compensated absences as at balance sheet date using the full-cost method to the extent that the leave will be utilised. The leave encashment on separation is paid on the basic salary.

11. Foreign subsidiaries

The operations of those subsidiaries that are considered as non-integral have been converted in Indian rupees at the following exchange rates:

a) Revenue and expenses: At the average exchange rate during the period.
b) All assets and liabilities: At the exchange rate prevailing at the end of the period.

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

12. Foreign currency transactions

Transactions in foreign currency are recorded at the rate 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 profit and loss account. 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.

13. 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.

14. Proprietary Trading

In the course of its proprietary trading, the Group enters into hedging transactions in the Cash-Future Arbitrage and the Index Arbitrage. The positions in both the Arbitrage businesses are fully hedged.

According to the expert advice, the Group has, from the current year, 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 Company, encompassing purchase of equity shares in the cash market and selling the same in the 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 profit & loss account and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

15. Employee stock option scheme

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

16. Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost 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 profit and loss account.

17. 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 profit and loss account.

II. Notes to Accounts

1. Entities included in consolidation:

Particulars	Country of incorporation	Proportion of interest as on 31.03.2009 (%)	Proportion of interest as on 31.03.2008 (%)
Subsidiaries			
JM Financial Consultants Private Limited (IBD)	India	100.00	100.00
JM Financial Institutional Securities Private Limited (IED) (Refer note a)	India	100.00	60.00
JM Financial Services Private Limited (Financial Services)	India	100.00	100.00
JM Financial Investment Managers Limited (Investment Manager)	India	100.00	100.00
JM Financial Commtrade Limited (Commtrade)	India	100.00	100.00
JM Financial Insurance Broking Private Limited (Insurance Broking)	India	100.00	-
JM Financial Ventures Limited (SSF)	India	97.78	97.78
Oracle Enterprises Private Limited (Oracle) (Refer note b)	India	97.78	-
M/s Stellar Investments - Partnership firm (Stellar) (Refer note c)	India	97.80	-
JM Financial Products Private Limited (NBFC)	India	90.00	90.00
JM Financial Securities Private Limited (FID)	India	90.00	90.00
JM Financial Asset Management Private Limited (AMC) (Refer note d)	India	53.60	58.26
JM Financial Overseas Holdings Private Limited (JMF Overseas) (Refer note e)	Mauritius	100.00	-
JM Financial Holdings (Mauritius) Limited (JMFM)	Mauritius	100.00	100.00
JMF-BR Investments Holdings (Mauritius) Limited (JMFBR) (Refer note f)	Mauritius	100.00	100.00
Joint venture			
Infinite India Investment Management Private Limited (Infinite)	India	50.00	50.00
Associates			
JM Financial Asset Reconstruction Company Private Limited (ARC) (Refer note g)	India	49.00	67.43
Financial Engineering Solutions Private Limited (FES)	India	30.00	30.00
JM Financial Trustee Company Private Limited (Trustee)	India	25.00	25.00

Notes

a) On May 9, 2008, IBD the wholly owned subsidiary of the Company acquired the balance 40% equity stake in JM Financial Institutional Securities Private Limited (Formerly known as JM Financial ASK Securities Private Limited) for an aggregate consideration of Rs. 81.00 crore. Consequently, IED has become a wholly owned subsidiary of the IBD.

b) On August 31, 2008, SSF acquired 100% equity stake in Oracle. For the purpose of the CFS, the financials of Oracle for the seven months period ended March 31, 2009 have been derived from the twelve months audited figures ended March 31, 2009, by reducing there from the figures based on the management accounts for the five months period ended August 31, 2008.

c) During the year, SSF and Investment Manager have formed a partnership firm, Stellar with 99% and 1% share respectively.

d) On January 23, 2009, overseas investors invested Rs. 63.86 crore in the AMC representing 8% of its equity stake, accordingly the Company's share in AMC has been reduced to 53.60% from 58.26%. For the purpose of the CFS, the financials of AMC for the two months period ended March 31, 2009 have been derived from the twelve months audited figures ended March 31, 2009, by reducing there from the figures based on the management accounts for the ten months period ended January 31, 2009.

e) On November 4, 2008, IBD has subscribed to 25,000 Ordinary Shares of US$ 1 each aggregating to Rs. 0.12 crore in JM Financial Overseas Holdings Private limited (Mauritius), a wholly owned subsidiary of the IBD.

f) As JMFBR follows the accounting year from January to December and gets accounts audited on a December year end basis, the financial statements for the year ended March 31, 2009 are unaudited. However, the figures are not material.

g) The Company's holding in ARC has reduced from 67.43% as on March 31, 2008 to 49% as on March 31, 2009 in accordance with the agreement entered into between the Company, ARC and other investors.

2. Share Capital

a) i) During the year, 1 equity share of the face value of Rs.10/- each of the Company was sub-divided into 10 equity shares of the face value of Re.1/- each.

ii) During the year, 449,869,500 fully paid-up bonus shares were issued in the ratio of 3 equity shares for every 2 equity shares held by the existing shareholders.

iii) During the year, the Company forfeited 8,700 equity shares (pre sub-division & bonus) for non-payment of allotment moneys by 53 allottees in accordance with the provisions of its Articles of Association.

b) The issued, subscribed and paid-up capital, inter alia, includes an amount in respect of 115,000 (post sub-division of shares), (previous year 11,500 shares) held in abeyance under Section 206A of the Act. During the year, the Company allotted the bonus shares in ratio of 3:2 on the above 115,000 shares resulting in addition of 172,500 shares. With this, the total number of shares held under abeyance is 287,500.

c) An amount of Rs. 43,500/- is transferred to capital reserve on account of forfeiture of shares during the year.

3. Following the termination of the joint venture with Morgan Stanley, profit on sale of investments (net of carrying value of net assets and expenses) amounting to Rs. 1,637.94 crore has been accounted in the previous financial year. Further, a loss of Rs. 8.05 crore (net of the carrying value of net assets) on sale of 54,450,000 equity shares representing 10% of the equity share capital in the NBFC, had been adjusted in the previous financial year, to arrive at the net profit on sale of investments.

4. Employee stock option scheme (ESOS)

The 2008 Employee Stock Option Scheme ('the Scheme') provides for grant of stock options on equity shares of the Company to the employees and Directors of the Company and/or its subsidiaries. The Scheme is in accordance with the Securities and Exchange Board of India (SEBI) (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. Options are granted at an exercise price, which is equal to the fair market price of the underlying equity shares.

The scheme provides for grant of options to employees to acquire the equity shares of the Company that vest in a graded manner that are to be exercised within a specified period. During the year, the Company has granted 445,500 options (adjusted option - 11,137,500 post sub-division and issue of bonus shares) at an exercise price of Rs. 1,370/- per option (adjusted price Rs. 54.80/- per option)

The details of outstanding options are as under:

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
Options outstanding at the beginning of the year	Nil	Nil
Add: Options granted during the year	11,137,500	445,500
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited during the year	Nil	Nil
Less: Options lapsed during the year	Nil	Nil
Less: Options cancelled during the year	Nil	445,500
Outstanding at end of year	11,137,500	Nil
Exercisable at end of year	Nil	Nil

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

The estimated fair value of each stock options granted in the general employee stock option scheme is mentioned in the table below. This has been calculated by applying Black-Scholes-Merton model. The model inputs were the share price at grant date of Rs. 1,370 (Adjusted price Rs.54.80), exercise price of Rs.54.80, volatility of 5 %, dividend yield of 0.36%, expected term of options in the range of 5 years to 6 years and a risk-free interest rate of 7.89% to 8.13%.

Details of options granted based on the graded vesting and fair value of the options.

% of Options to be vested	No. of Options	Vesting date	Fair value per Option (Rs.)
33.33%	3,712,500	April 15, 2011	18.08
33.33%	3,712,500	April 15, 2012	19.53
33.33%	3,712,500	April 15, 2013	20.91

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 Rs.5.37 crore. Accordingly, had the compensation been determined using the fair value approach, the Company's net income and earnings per share as reported would have reduced by the stock-based employee compensation amounts as under:

(Rs. in crore)

Particulars	As reported	As adjusted
Net profit	(105.21)	(110.58)
Basic and diluted earning per share (in Rs.)	(1.40)	(1.47)

Note: The number of options and price have been adjusted to reflect the sub-division and issue of bonus shares.

Subsidiary companies

a) JM Financial Asset Management Private Limited (AMC)

On December 24, 2007, AMC granted 30 lakh Equity Stock Options to its employees under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period from December 2008 to December 2011 in the graded manner. As at March 31, 2009 the option exercised is Nil.

b) JM Financial Institutional Securities Private Limited (IED)

On January 7, 2008, IED granted 1.99 lakh Equity Stock Options to its employees under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period from December 2008 to December 2011 in the graded manner. As at March 31, 2009 the option exercised is Nil.

5. The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 1.99 crore (previous year Rs. 2.50 crore).

6. Contingent liability in respect of:

Disputed demands of income tax authorities is Rs. 5.22 crore (previous year Rs. 3.61 crore)

Disputed demands of service tax authorities is Rs. 13.91 crore (previous year Rs. 1.47 crore)

Uncalled liability on account of commitment to subscribe in investments is Rs.32.45 crore (previous year Rs. 28.89 crore)

Guarantees given on behalf of the subsidiary against the fixed deposits is Rs. 42.50 crore (previous year Rs. 2.30 crore)

Bank Guarantees given by banks is Rs. 29.48 crore (previous year Rs. 34.48 crore)

7. Income from securities and fund-based activities includes gross income of Rs. 134.48 crore (previous year Rs. 187.36 crore) net of operation expenses of Rs. 42.02 crore (previous year Rs. 101.97 crore).

Operation expenses as stated above includes finance charges of Rs. 39.61 crore (previous year Rs. 96.79 crore) and other expenses of Rs.2.41 crore (previous year Rs. 5.18 crore).

8. Managerial remuneration

(Rs. in crore)

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
Salary and bonus	4.08	7.98
Contribution to provident fund and other funds	0.13	0.15
Perquisites in cash or in kind	2.09	1.46
Commission	0.12	0.45
TOTAL	**6.42**	**10.04**

i. The above amount of Rs. 6.42 crore (previous year Rs. 10.04 crore) consists of remuneration paid/provided by the Company and its subsidiary companies.

ii. The above remuneration includes Rs 3.45 crore (previous year Rs. 6.51 crore) which is in excess of the limits prescribed under the provisions of the Companies Act, 1956 and the payment thereof is subject to the approval of the Central Government.

iii. In relation to one of the subsidiaries of the Company, the Ministry of Corporate Affairs, Government of India, has vide its letter dated May 6, 2009, rejected the subsidiary's proposal for payment of remuneration of Rs. 1.54 crore (of which only Rs. 0.68 crore is in excess of the limits prescribed under the Companies Act, 1956) for the year 2007-08 to the subsidiary's erstwhile Managing Director on the grounds stated therein, which the subsidiary has been legally advised are untenable. The subsidiary has made a representation to the Central Government to reconsider its decision.

9. Earnings per share is calculated as under:

(Rs. in crore)

Sr. No.	Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
A.	**Before exceptional item:**		
	Profit after tax	(105.21)	150.11
	Weighted average number of equity shares outstanding during the year	749,782,500	750,000,000
	Basic/Diluted earnings per share (Rs.)	(1.40)	2.00
B.	**After exceptional item:**		
	Profit after tax	(105.21)	1,307.06
	Weighted average number of equity shares outstanding during the year	749,782,500	750,000,000
	Basic/Diluted earnings per share (Rs.)	(1.40)	17.43

Note: The earnings per share for the current year and previous year have been re-stated to reflect the sub-division of shares and issue of bonus shares.

10. Major components of deferred tax assets and liabilities arising are:

(Rs. in crore)

Particulars	As at 31.03.2009	As at 31.03.2008
Depreciation	(0.77)	(1.35)
Gratuity & leave encashment	1.77	1.76
Expenditure	1.81	-
Provision on standard assets	9.71	-
Provision for doubtful debts	1.59	0.66
Unabsorbed short term capital loss	(115.43)	(115.43)
Lease rentals	(0.03)	(0.01)
Expenses allowable under section 35DD	0.45	0.69
TOTAL	**(100.90)**	**(113.68)**

11. Lease Transactions

A. Finance lease

The Company on a consolidated basis has acquired vehicles on finance lease. The tenure of lease arrangements ranges between 36 to 60 months with an option to prepayments/foreclosure.

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

(Rs. in crore)

Particulars	Total minimum lease payment outstanding as at 31.03.2009	Interest not due	Present value of the minimum lease payment outstanding as at 31.03.2009	Total minimum lease payment outstanding as at 31.03.2008	Interest not due	Present value of the minimum lease payment outstanding as at 31.03.2008
Not later than 1 year	1.20	0.30	0.90	1.29	0.36	0.93
Later than 1 year but not later than 5 years	0.77	0.11	0.66	1.22	0.28	0.94
Later than 5 years	-	-	-	-	-	-
TOTAL	**1.97**	**0.41**	**1.56**	**2.51**	**0.64**	**1.87**

B. Operating lease

i. Operating lease is executed for a period ranging from 36 to 90 months with a renewal clause and also provided for termination at will by lessee giving a prior notice period between 1 to 6 months.

Operating lease rentals charged to revenue are:

(Rs. in crore)

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
Office premises	19.74	10.29
Furniture hire charges	1.69	0.54
Car rentals	#	0.07
Residential flat	0.58	0.54
TOTAL	**22.01**	**11.44**

Below Rs.50,000/-

ii. Minimum lease rentals outstanding in respect of operating lease are as under:

(Rs. in crore)

Particulars	Total lease payments outstanding as at 31.03.2009	Total lease payments outstanding as at 31.03.2008
Not later than 1 year	10.46	6.35
Later than 1 year but not later than 5 years	22.63	4.67
Later than 5 years	-	-
TOTAL	**33.09**	**11.02**

12. Derivative instruments

The Group does not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures have not been hedged by a derivative instrument.

13. During the year, some of the entities in the Group has changed the method of providing depreciation on fixed assets other than assets taken on lease from written down value method as per Schedule XIV to the Act to straight line method at the rates mentioned in the accounting policies. Consequently, differential depreciation of Rs. 0.32 crore is written back in the current year.

14. During the year, on a conservative basis, a subsidiary has made a provision on standard assets amounting to Rs. 18.79 crore (previous year Rs.12.04 crore). Provision for standard assets is made as per the guidelines prescribed by the Board of Directors of the relevant subsidiary company. During the year, this guideline has been revised considering the market and global scenario. This revision has the effect of increasing the provision for standard assets by Rs. 5.94 crore and reducing the profit before tax by the like amount. 'Standard Assets' refers to an asset which does not indicate any problem and which does not carry more than normal business risk.

15. During the year, pursuant to the adoption of the 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, a subsidiary has not recognized the unrealized loss of Rs 0.01 crore as well as not taken credit, on the principles of prudence, of net unrealized gains Rs 0.26 crore (The net amount of Rs 0.25 crore has been arrived at on the basis of unrealized loss of Rs 0.01 crore and unrealized gains of Rs 0.26 crore).

16. Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosures'

As per annexure 'I'.

17. Segmental reporting

I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, securities funding & 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, government and government owned corporations, banks and high networth individuals (HNI's), to offer wealth advisory services to HNI's and to distribute financial products in an open architecture environment to retail investors through a large network of franchisees and direct sales agents.
Securities funding & fund based activities	Securities funding and fund based activities include providing finance against securities to a diverse range of corporates and non-corporate clients. Further it also includes 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, real estate fund, special situations.
Asset management	Assets 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 as per annexure 'II'.

II. Geographical segment

The Company does not have any reportable geographical segment.

18. Disclosure pursuant to reporting under AS 27 on 'Financial Reporting of Interests in Joint Ventures'

As per annexure 'III'.

19. Statement of cash flow pursuant to AS 3 on 'Cash Flow Statements'

As per annexure 'IV'.

20. In the context of global financial crisis and its severe impact on the Indian capital markets including the stock markets, the Company and its subsidiaries has decided to provide Rs. 136.72 crore towards the diminution in value of individual shares of listed companies in their long term investment portfolio, where the market value is lower than the cost considering the same to be other than temporary.

21. Figures of the previous year have been regrouped and rearranged wherever necessary.

Annexure I to note 16 of Part II of Schedule N

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)
Financial Engineering Solutions Private Limited (FES)
JM Financial Trustee Company Private Limited (Trustee)

B Key management personnel

Mr. Nimesh N Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N Kampani (ANK)
Mr. Vishal N Kampani (VNK)
Mr. Ashith N Kampani (ASNK)

D Enterprise over which key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
SNK Investments Private Limited (SNK)
Persopolis Investments Company Private Limited (PICPL)
Kampani Properties & Holdings Limited (KPHL)
Kampani Consultants Limited (KCL)

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

Annexure I to note 16 of Part II of Schedule N (contd.)
Related party disclosure:

(Rs. in crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which individual in B above is able to exercise significant influence		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Security deposit received back										
JMFICS	-	-	-	-	-	-	1.98	-	1.98	-
Security deposit paid										
JMFICS	-	-	-	-	-	-	1.70	-	1.70	-
Advances given										
VNK	-	-	-	-	#	-	-	-	#	-
Advances recovered										
VNK	-	-	-	-	#	-	-	-	#	-
ICDs Placed										
JMFICS	-	-	-	-	-	-	-	95.45	-	95.45
ICDs Redeemed										
JMFICS	-	-	-	-	-	-	-	121.50	-	121.50
SSF	-	15.00	-	-	-	-	-	-	-	15.00
Sale of fixed assets										
ARC	0.10	-	-	-	-	-	-	-	0.10	-
Group support fees										
ARC	0.60	-	-	-	-	-	-	-	0.60	-
Interest income on ICD										
JMFICS	-	-	-	-	-	-	-	1.64	-	1.64
Secondary brokerage received										
JMFICS	-	-	-	-	-	-	0.04	0.13	0.04	0.13
SNK	-	-	-	-	-	-	0.01	#	0.01	#
PICPL	-	-	-	-	-	-	0.04	-	0.04	-
Recovery of expenses										
JMFICS	-	-	-	-	-	-	0.01	0.03	0.01	0.03
Trustee	0.01	0.91	-	-	-	-	-	-	0.01	0.91
ARC	2.25	1.61	-	-	-	-	-	-	2.25	1.61
FES	#	-	-	-	-	-	-	-	#	-
Reimbursement of expenses										
JMFICS	-	-	-	-	-	-	0.59	#	0.59	#
Remuneration										
NNK	-	-	2.16	1.54	-	-	-	-	2.16	1.54
VNK	-	-	-	-	1.14	5.43	-	-	1.14	5.43
ASNK	-	-	-	-	0.55	6.50	-	-	0.55	6.50

Below Rs.50,000/-

Annexure I to note 16 of Part II of Schedule N (contd.)
Related party disclosure:

(Rs. in crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which individual in B above is able to exercise significant influence		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Directors commission										
ASNK	-	-	-	-	0.01	0.05	-	-	0.01	0.05
Board meeting fees										
NNK	-	-	#	#	-	-	-	-	#	#
ASNK	-	-	-	-	0.01	#	-	-	0.01	#
Audit committee meeting fees										
ASNK	-	-	-	-	#	#	-	-	#	#
Remuneration committee meeting fees										
NNK	-	-	#	-	-	-	-	-	#	-
Conveyance										
NNK	-	-	#	-	-	-	-	-	#	-
ASNK	-	-	-	-	#	-	-	-	#	-
Dividend										
JMFICS	-	-	-	-	-	-	20.31	-	20.31	-
Rent Paid										
JMFICS	-	-	-	-	-	-	2.04	2.88	2.04	2.88
KPHL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
KCL	-	-	-	-	-	-	0.04	0.04	0.04	0.04
Service Charges										
JMFICS	-	-	-	-	-	-	0.06	0.05	0.06	0.05
Support Service										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Balance outstanding at the year end										
Receivables										
JMFICS	-	-	-	-	-	-	9.70	11.68	9.70	11.68
ARC	1.75	1.58	-	-	-	-	-	-	1.75	1.58
Trustee	-	0.20	-	-	-	-	-	-	-	0.20
FES	#	#	-	-	-	-	-	-	#	#
VNK	-	-	-	-	-	0.01	-	-	-	0.01
Payables										
JMFICS	-	-	-	-	-	-	0.59	0.43	0.59	0.43
NNK	-	-	0.98	#	-	-	-	-	0.98	#
ASNK	-	-	-	-	0.06	-	-	-	0.06	-
VNK	-	-	-	-	0.12	4.50	-	-	0.12	4.50

Below Rs.50,000/-

Annexure II to note 17 of Part II of Schedule N
Segmentwise details

(Rs. in crore)

Particulars	As at 31.03.2009	As at 31.03.2008
Segment revenue		
A Investment banking and securities business	265.75	615.34
B Securities funding and fund based activities	106.32	86.83
C Alternative asset management	43.37	40.16
D Asset management	40.35	22.74
E Unallocated	24.54	43.72
Total segment revenue	**480.33**	**808.79**
Less: Inter - segmental revenue	54.50	66.50
Total revenue before exceptional items	**425.83**	**742.29**
Add: Profits on sale of investments (Net)	-	1,629.89
Total revenue	**425.83**	**2,372.18**
Segment results		
A Investment banking and securities business	(45.05)	187.09
B Securities funding and fund based activities	75.12	70.24
C Alternative asset management	(114.64)	4.77
D Asset management	(2.34)	(17.45)
E Unallocated	8.43	35.50
Total segment results before exceptional items	**(78.48)**	**280.15**
Add: Exceptional items (Net)	-	1,509.60
Total segment results	**(78.48)**	**1,789.75**
Segment assets		
A Investment banking and securities business	597.17	1,400.78
B Securities funding and fund based activities	887.61	1,327.56
C Alternative asset management	331.59	444.01
D Asset management	129.49	80.30
E Unallocated	284.65	397.88
Total segment assets	**2,230.51**	**3,650.53**
Segment liabilities		
A Investment banking and securities business	169.13	887.46
B Securities funding and fund based activities	165.64	613.89
C Alternative asset management	42.05	40.86
D Asset management	4.19	10.90
E Unallocated	132.46	234.09
Total segment liabilities	**513.47**	**1,787.20**

Annexure II to note 17 of Part II of Schedule N (contd.)
Segmentwise details

(Rs. in crore)

Particulars		As at 31.03.2009	As at 31.03.2008
Capital expenditure incurred during the year			
A	Investment banking and securities business	12.41	10.79
B	Securities funding and fund based activities	2.57	0.24
C	Alternative asset management	0.20	3.66
D	Asset management	3.74	1.33
E	Unallocated	0.54	0.76
Total capital expenditure		**19.46**	**16.78**
Depreciation/amortisation for the year			
A	Investment banking and securities business	8.17	7.83
B	Securities funding and fund based activities	0.51	0.04
C	Alternative asset management	0.78	0.54
D	Asset management	2.38	1.28
E	Unallocated	0.27	0.10
Total depreciation/amortisation		**12.11**	**9.79**

Annexure III to note 18 of Part II of Schedule N

The Company's proportionate share in the assets, liabilities, income and expenses of its joint venture companies included in these consolidated financial statements are given below :

(Rs. in crore)

Particulars	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS		
Shareholders' funds:		
Share capital	0.80	0.80
Reserves and surplus	1.59	1.59
Loan funds:		
Unsecured loans	0.09	2.17
Funds employed	**2.48**	**4.56**
APPLICATION OF FUNDS		
Fixed assets:		
Gross block	0.42	0.26
Less: Depreciation	0.15	0.06
Net block	0.27	0.20
Capital work in progress	-	-
	0.27	**0.20**
Investments	1.16	0.08
Deferred tax assets (net)	0.06	0.02
Current assets, loans and advances:		
Sundry debtors	-	1.10
Cash and bank balances	0.06	0.01
Loans and advances	0.69	0.98
	0.75	**2.09**
Less: Current liabilities and provisions:		
Current liabilities	1.22	1.17
Provisions	0.18	0.09
	1.40	**1.25**
Net current asset	**(0.65)**	**0.83**
Profit & loss account (Debit balance)	**1.64**	**3.43**
Funds utilised	**2.48**	**4.56**
Contingent liability	-	-
Capital reserve on consolidation	**0.01**	**0.01**

Annexure III to note 18 of Part II of Schedule N (contd.)

The Company's proportionate share in the assets, liabilities, income and expenses of its joint venture companies included in these consolidated financial statements are given below :

(Rs. in crore)

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
INCOME		
Commission, brokerage, and fees income	-	66.27
Management fees, advisory fees and other related services	8.23	4.60
Interest & other income	0.12	19.89
TOTAL	**8.35**	**90.76**
EXPENDITURE		
Payments to and provisions for employees	3.63	29.32
Operating and administration expenses	2.51	12.70
Interest	0.14	0.27
Depreciation / amortisation	0.09	0.65
TOTAL	**6.37**	**42.94**
Profit before tax	**1.98**	**47.82**
Provision for tax		
- Current tax	0.21	16.51
- Deferred tax	(0.04)	(0.02)
- Fringe benefit tax	0.03	0.11
	0.20	16.60
Profit after tax	**1.78**	**31.22**

Annexure IV to note 19 of Part II of Schedule N

Statement of consolidated cash flow for the year ended March 31, 2009

(Rs. in crore)

	Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
A	**Cash flow from operating activities**		
	Net profit before tax	**(78.48)**	**1,789.75**
	Adjustment for :		
	Depreciation	12.11	9.79
	Provision for diminution in the value of investment	136.72	-
	Provision for MTM loss on securities held as a result of underwriting	17.18	-
	Provision on standard assets	18.79	12.04
	(Profit)/Loss on sale of investments	(3.42)	(1,642.23)
	Provision for doubtful debts	1.75	1.01
	Dividend income	(20.12)	(34.45)
	Interest income	(46.19)	(51.38)
	Interest expenses	20.39	32.83
	Bad debts written off	1.20	0.41
	(Profit)/Loss on sale of fixed assets	0.06	0.10
	Operating profit before working capital changes	**59.99**	**117.87**
	Adjustment for :		
	(Increase)/Decrease in trade & other receivables	730.23	(748.34)
	Increase/(Decrease) in trade payables	(278.58)	(69.71)
	Cash generated from/(used in) operations	**511.64**	**(700.18)**
	Direct taxes paid	(74.27)	(84.50)
	Net cash from/(used in) operating activities	**437.37**	**(784.68)**
B	**Cash flow from investment activities**		
	Purchase of investments	(10,627.21)	(20,883.05)
	Sale of investments	10,697.03	21,772.53
	Direct taxes paid	-	(360.00)
	Purchase of fixed assets	(19.46)	(23.77)
	Sale of fixed assets	0.49	1.26
	Interest income	46.19	51.38
	Dividend income	20.12	34.45
	Net Cash from/(used in) investment activities	**117.16**	**592.80**

Annexure IV to note 19 of Part II of Schedule N (contd.)

	Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
C	**Cash flow from financing activities**		
	Proceeds from issue of shares	63.87	-
	Proceeds from borrowings	5,845.04	18,507.63
	Repayment of borrowings	(6,737.08)	(17,874.57)
	Share issue expenses	(0.09)	(3.55)
	Interest paid	(20.39)	(32.83)
	Dividend paid including dividend distribution tax	(87.75)	(17.55)
	Tax paid on dividend by subsidiaries / joint venture	(0.08)	(0.05)
	Net Cash from financing activities	**(936.48)**	**579.08**
	Net Increase in cash & cash equivalents	**(381.95)**	**387.19**
	Cash & cash equivalents (opening)	900.55	513.36
	Cash & cash equivalents (closing)	518.60	900.55

Notes

1) The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 on 'Cash Flow Statement' notified in Companies (Accounting Standards) Rules, 2006.

2)	**Cash and cash equivalents**		
	Cash and bank balances	524.60	902.39
	Less: Interest accrued on bank deposits	(2.00)	(1.82)
	Less: Overdrawn bank balances as per books	(0.96)	(0.02)
	Less: Bank overdraft	(3.04)	-
	Balance as shown in cash flow statement	**518.60**	**900.55**

3) The interest income reflected above is other than interest income of securities funding and fund based activity.

4) Figures of the previous year 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

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: July 6, 2009

For and on behalf of the Board of Directors

Nimesh N Kampani
Chairman &
Managing Director

Place: Singapore
Date: July 1, 2009

Pravin P Shah
Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Place: Mumbai
Date: June 29, 2009

Persons falling under the Group of JM Financial Limited (Other than Subsidiaries, Joint Venture and Associates) includes

- Mr. Nimesh N Kampani
- Ms. Aruna N Kampani
- Mr. Vishal N Kampani
- Ms. Madhu V Kampani
- Ms. Amishi N Kampani
- Mr. Shiv V Kampani
- Ms. Avantika V Kampani
- J.M. Financial & Investment Consultancy Services Private Limited
- J.M. Assets Management Private Limited
- JSB Securities Limited
- FICS Consultancy Services Limited
- Kampani Consultants Limited
- SNK Investments Private Limited
- Persepolis Investment Company Private Limited
- Kampani Properties & Holdings Limited

Names of the subsidiaries, joint venture and associates are given in para II (I) of Schedule "N"

Notes

Notes

Notes

JM FINANCIAL

JM FINANCIAL LIMITED **ATTENDANCE SLIP**

Twenty Fourth Annual General Meeting

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

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company on Thursday, September 10, 2009 at 3.30 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020.

Full name of the Member (in BLOCK LETTERS) _____

DP ID: _____ Client ID: _____ Folio No.: _____ No. of Shares held: _____

Full name of Proxy (in BLOCK LETTERS) _____

Member's /Proxy's Signature _____

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JM FINANCIAL LIMITED **PROXY FORM**

DP ID: _____ Client ID: _____ Folio No.: _____ 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 _____ or failing him _____

_____ of _____ in the district of _____ as my/ our proxy to vote for me/ us on my / our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, September 10, 2009 and at any adjournment thereof.

Signed this ____ day of _____ 2009 Signature _____

Affix Re. 1/- Revenue Stamp

Note: This proxy form duly completed and signed must be deposited at the registered office of the Company not later than 48 hours before the meeting.

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JM FINANCIAL LIMITED **MANDATE FORM - ELECTRONIC CLEARING SERVICE (ECS)**

(To be sent directly to the DP / RTA / Company)

To

_____ (Name & Address of the DP / RTA / Company)

_____

_____

Please register the following details for receipt of dividend:

Type of Instruction : Remittance of amount through ECS

Name :

DP ID / Folio No. :

Client ID :

Bank Details :

Bank Name: _____

Bank Address: _____

_____

Account Type and No.: SB/CA/CC No.: _____

9 Digit MICR Code: _____

Date:

Signature of the Member(s)

JM FINANCIAL

Trust is always the answer

JM FINANCIAL LTD

141, MAKER CHAMBERS III, NARIMAN POINT, MUMBAI - 400021