

STRONG roots,
STRONG branches



Ever wondered what keeps a mighty oak standing tall above the ground, with its lush canopy of leaves? Much of the reason is hidden deep into the earth. The unseen roots that fan out in the ground, keeping the oak balanced, and providing it nutrition and stability. This allows its branches and leaves to grow, and expand.

At JM Financial, we believe that our core values play the role of the roots, helping us remain focused, allowing us the strength and succor to grow and expand our various businesses. We are firmly anchored to our core values of Client focus, Integrity, Innovation, Implementation,

STRONG roots, **STRONG** branches

Teamwork, Partnership and Performance. These not only guide our thought, but also define our fundamental approach to non-negotiables in business.

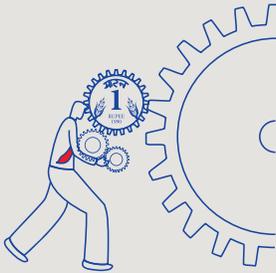
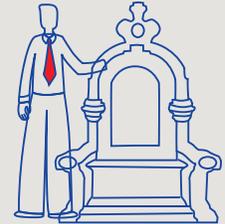
These roots have strengthened our branches. JM Financial is today a leading provider of integrated financial services across Investment Banking, Institutional Equity Sales, Trading, Research and Broking, Wealth Management, Asset Management, NBFC, Private Equity, Real Estate Fund Management and Asset Reconstruction.

Powered by our deep and strong roots, we continue to build each of our businesses, to create everlasting value for all stakeholders.

OUR VALUES ARE OUR ROOTS

CLIENT FOCUS

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

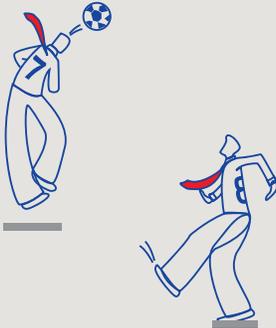


IMPLEMENTATION

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

INNOVATION

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



TEAMWORK

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

INTEGRITY

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

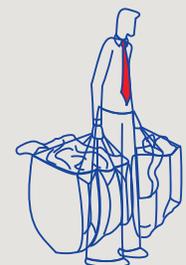


PARTNERSHIP

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

PERFORMANCE

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nimesh Kampani - Chairman & Managing Director
Mr. Ashith Kampani
Mr. E A Kshirsagar
Mr. D E Udawadia
Dr. Pravin P Shah
Mr. Paul Zuckerman
Dr. Vijay Kelkar

GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. P K Choksi

GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

PRINCIPAL BANKERS

HDFC Bank Limited

REGISTERED OFFICE

141, Maker Chambers III
Nariman Point
Mumbai - 400 021

Tel.: 91-22-6630 3030
Fax: 91-22-2202 8224

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

REGISTRARS & SHARE TRANSFER AGENTS

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

Tel: 91-22-6772 0300/400
Fax: 91-22-2859 1568 / 2850 8927

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

ABOUT JM FINANCIAL

JM Financial, one of India's leading financial services groups, offers an array of services to corporations, financial institutions, high net-worth individuals and retail investors.

The JM Financial Group is known for its diverse financial services such as Investment Banking, Institutional Equity Sales, Trading, Research and Broking, Wealth Management, Equity Broking, Portfolio Management, Asset Management, Commodity Broking, NBFC, Private Equity, Real Estate Fund Management and Asset Reconstruction.

JM Financial has pioneered several strategies and transactions for a wide client base spread across geographies and thus developed rich experience and expertise. Every idea is unique to the need of the client and supported by superior execution to deliver maximum benefits.

Over the years, JM Financial has partnered with several leading Indian and International corporate houses and earned their trust and confidence. The Group's well-established processes ensure total confidentiality

for all clients, thereby giving them absolute confidence on conflict management and maintenance of confidentiality.

A people-focused organisation, JM Financial has a rich mix of professionals from diverse backgrounds who bring varied talents, knowledge and experiences to the workplace, thereby helping businesses to grow to the next level.

JM Financial Group is deeply committed to investing in initiatives that improve and foster communities enabling them to sustain themselves. The Group, along with its employees, actively supports various causes related to education, healthcare and relief for the lesser privileged.

JM Financial has to its credit several national and international accolades for its superior advice and execution capabilities.

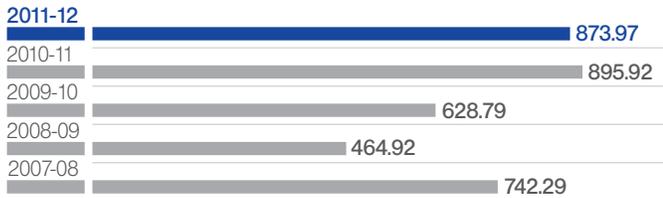
Diverse Financial Services

Investment Banking, Institutional Equity Sales, Trading, Research and Broking, Wealth Management, Equity Broking, Portfolio Management, Asset Management, Commodity Broking, NBFC, Private Equity, Real Estate Fund Management and Asset Reconstruction.

PERFORMANCE REVIEW

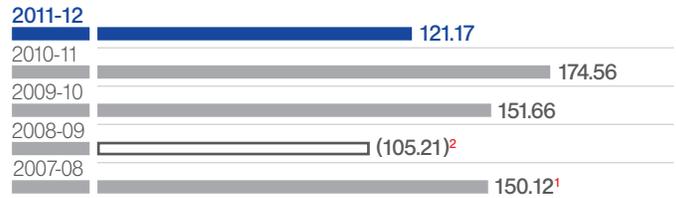
Consolidated Gross Income

[₹ in Crore]



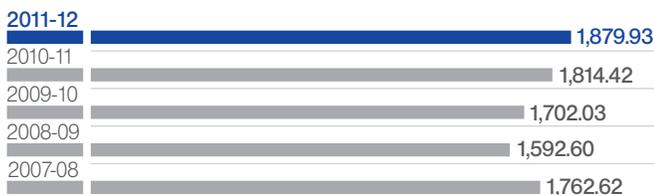
Consolidated Profit / (Loss)

[₹ in Crore]



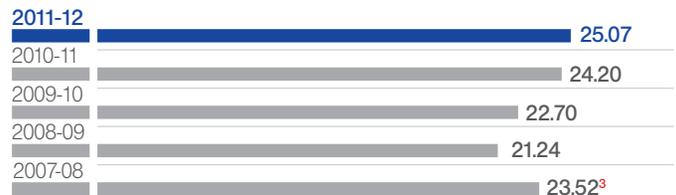
Consolidated Network

[₹ in Crore]



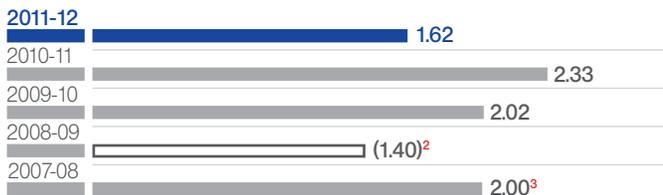
Consolidated Book Value Per Share

[₹]



Consolidated Earnings Per Share

[₹]



Dividend Per Share

[₹]



¹ The profit after tax for the year 2007-08 excludes ₹ 1,156.95 Crore being exceptional income earned upon termination of Joint venture with Morgan Stanley.

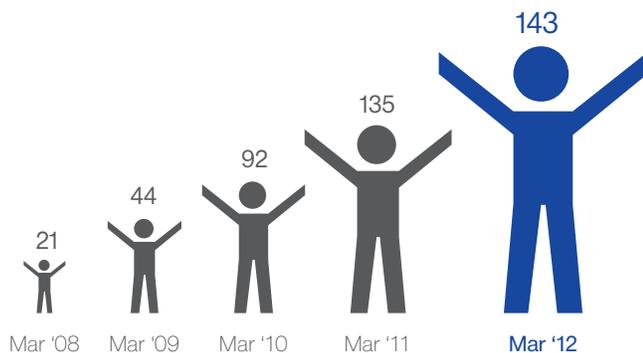
² As a matter of abundant caution, the Company and its subsidiaries had made a provision for diminution in value of long term investments aggregating ₹ 136.72 Crore resulting in a loss during the year.

³ Adjusted for split and bonus issue.

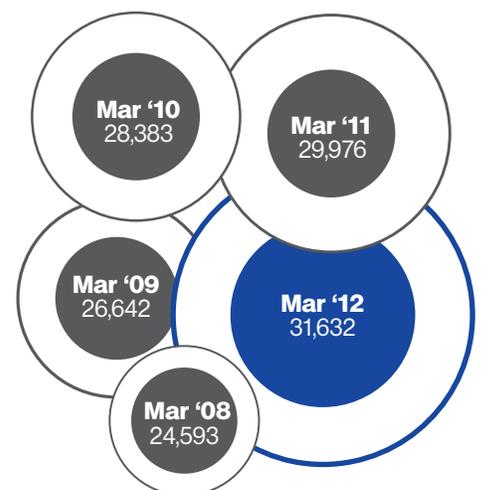
⁴ Excludes Special dividend of ₹ 0.80 per share.

⁵ Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

PRESENCE IN CITIES



REGISTERED INDEPENDENT FINANCIAL ADVISORS



BOARD OF DIRECTORS



From Left to Right

1. Mr. Paul Zuckerman

Non Executive & Independent Director

2. Mr. D E Udawadia

Non Executive & Independent Director

3. Dr. Pravin P Shah

Non Executive & Independent Director

4. Mr. Nimesh Kampani

Chairman and Managing Director

5. Dr. Vijay Kelkar

Non Executive & Independent Director

6. Mr. Ashith Kampani

Non Executive Director

7. Mr. E A Kshirsagar

Non Executive & Independent Director

FIRM MANAGEMENT

Nimesh Kampani
Group Chairman



“JM Financial today is a large vibrant financial services group with multiple businesses. The organisation has a strong edifice and it draws inspiration and strength from its set of values and beliefs that have stood the test of time. Our adherence to these beliefs has sustained our success and continues to guide us as we navigate our way into the future.”

Dipti Neelakantan
Group Chief Operating Officer

“Built over decades, we have always placed franchise and our basic values above short-term goals. This helps sustain and build our best practices work environment and grow the business on strong roots.”



V P Shetty
Executive Chairman, JM Financial Products Ltd.



“Strong organisations with strong vision and values have built India. JM Financial has a proud place among this esteemed group of businesses. We truly cherish this position and are committed to grow on these strong roots.”

OUR BUSINESSES REFLECT OUR DIVERSITY



INSTITUTIONAL SECURITIES GROUP

Vishal Kampani, MD & CEO,
Institutional Securities Group

The Institutional Securities Group with its mix of businesses gives the organisation significant room for growth and is well positioned to generate value on a long - term basis. We plan to bring in sharper focus on our international business and offer our clients innovative and strategic solutions which form the hallmark of JM Financial group.



Atul Mehra, MD & Co-CEO,
Investment Banking

We have over the years created a unique culture with a set of strong values that bind us together. With a team of dynamic professionals we aim to deliver value and emerge stronger as a franchise.



Adi Patel, MD & Co-CEO,
Investment Banking

At JM Financial, our commitment to our core values has helped build and grow strong goodwill. A strongly rooted business is often able to surpass challenges and generate value on a long-term basis.



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

The challenges of the current South East Asian environment parallel challenges in early stages of the development of India's own financial markets - challenges which JM Financial met then with creative advice and innovative products, and challenges we will meet in future by deploying the same standards of creativity and innovation.



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

Clients today are demanding global expertise and connectivity, innovative ideas and solutions and excellence in execution. With our expanding network, strong relationships and high-calibre people, we are ideally positioned to capitalise on the opportunities that exist in the global environment.



Sameer Lumba, MD & CEO,
Institutional Equities

We have always had a strong sectoral focus in research. We have tried to differentiate by the depth and extent of coverage. The endeavor going forward would be to provide clients a greater flavor on global comparisons and a better international perspective.



Shashwat Belapurkar, MD & CEO,
Fixed Income & Real Estate

The Fixed Income Business is focused on underwriting and pricing credit solutions with an emphasis on risk management at the asset and portfolio level.



R K Narayan, ED & COO,
Real Estate Fund Management

We follow a disciplined approach towards investing and have established a long term preferred partner status with leading local developers in key markets thereby offering a pre-eminent real estate investment platform to the investor community.

INVESTMENT ADVISORY AND DISTRIBUTION



Rajeev Chitrabhanu, MD & CEO
Investment Advisory and Distribution

“Our team's customer-centric approach backed by high integrity and diverse product platform will ensure that we are among the leaders in all segments that we choose to serve.

Securities backed lending is an integral part of our advisory business which enables our clients to take maximum advantage of the investment opportunities.



Subodh Shinkar, MD & COO
Investment Advisory and Distribution

“Our genuine investment advice across a wide range of products and different asset classes enables us to create wealth for our clients and be their trusted advisor.



Vipul Shah, Head,
Private Wealth Group

“We endeavour to grow and preserve our clients' wealth by becoming their trusted advisor. With a business built on strong relationships and uncompromising ethical standards, we aim to create significant value and also aid in transitioning it to the next generation.



Ajay Mishra, Head,
Corporate Wealth Group

“We have the ability to understand the dynamic nature of corporate treasury needs, forecast trends and provide innovative customised solutions to clients ranging from their investments to their short-term borrowings.



Sanjay Bhatia, Head,
Equity Trading Group

“The customer first approach has enabled us to retain our clients over the years.



Dimplekumar Shah, Head,
Equity Brokerage Group

“Our focus has always been and will continue on providing our clients with a strong advisory based brokerage platform.



Rohit Singh, Head,
IFA Group

“We want to empower and further develop the entrepreneurial capabilities of independent financial advisors by providing them the entire range of primary market products.

OUR BUSINESSES REFLECT OUR DIVERSITY



MUTUAL FUND

Bhanu Katoch,
MD & CEO

“ We have consolidated our equity schemes and have been focusing on high-quality growth portfolios. Several of our debt schemes have been consistently recognised and awarded by reputed credit rating agencies.”



ASSET RECONSTRUCTION

Anil Bhatia,
MD & CEO

“ Providing structured solutions with regard to NPAs enabled us to acquire all types of NPAs, viz., corporate, portfolios and unsecured retail loans in our business. Backed by the strong JM Financial brand, high capitalization, experienced management and a highly professional team, we expect to arrive at mutually beneficial structures.”



PRIVATE EQUITY

Harinder Sawhney,
MD

“ We have focussed on higher levels of engagement with portfolio companies and deep dive in understanding the issues and where possible, roll up our sleeves and work together in partnering for sustenance and growth.”

CORPORATE FUNCTIONS



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

At JM Financial, we enhance business value by fostering a 'regulatory risk-aware' culture, facilitate informed decision making and provide assistance to the business units in effective discharge of their duties by adhering to the applicable laws, rules, regulations and internal policies.



Manish Sheth
Group Chief Financial Officer

Beyond crunching numbers, we are uniquely positioned to provide time-bound and tailor-made solutions to the dynamic requirement of the group and thereby creating a competitive advantage. Transparency and conservatism continue to be the two pillars kept in mind while reporting the financial statements. It is our endeavor to provide lucid financial statements, so that the stakeholders can have well informed judgment.



Chaitanya Wagh
Group Head -
Information Technology

At JM Financial, technology is an integral part of business. Technology works as a business-enabler, designing solutions to provide a competitive advantage. Best in class Infrastructure is deployed and supported by efficient managed processes.



Anil Salvi
Group Head - Human
Resources & Administration

At JM Financial, we are driven by integrity, entrepreneurship and team play. The integrity extends to the teams all the comfort and confidence in the environment to function at the optimal level. Our entrepreneurial culture offers the required growth challenges to keep teams motivated whereas our collaborative approach helps foster greater engagement. Indeed, JM Financial is a great place to work.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON MONDAY, AUGUST 13, 2012 AT 4.00 PM AT RAMA WATUMULL AUDITORIUM, KISHINCHAND CHELLARAM COLLEGE, DINSHAW WACHHA 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, 2012 and the Statement of Profit & Loss for the year ended on that date together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. Pravin P Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Vijay Kelkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, as the Statutory Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms. Amishi Kampani, daughter of Mr. Nimesh Kampani, the Chairman & Managing Director of the Company, to hold an office or place of profit under JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited), a wholly owned subsidiary of the Company ('the subsidiary company'), effective from October 14, 2011 on terms and conditions as contained in the Letter of Appointment dated October 14, 2011 issued to her by the subsidiary company."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), and

any statutory modification or re-enactment thereof, and subject to the approval of the Central Government, if and to the extent required, the consent of the Company be and is hereby accorded to the re-appointment of Mr. Nimesh Kampani as Managing Director of the Company for a period of five years effective from April 1, 2012, on the terms and conditions including the remuneration as set out in the draft agreement ('the Agreement') to be entered into between the Company and Mr. Kampani, placed before the meeting and initialled by a Director for the purpose of identification, with authority to the Board of Directors ('the Board' which term shall be deemed to include a Committee of the Board) to alter and vary the terms and conditions of the said appointment and/or Agreement PROVIDED THAT the total remuneration by way of salary, perquisites and performance bonus shall not exceed the applicable ceiling in terms of Schedule XIII to the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force or such other higher amount of remuneration as may be approved by the Central Government."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits during his tenure as Managing Director, the remuneration as set out in the Agreement between Mr. Kampani and the Company, be paid or granted to him as minimum remuneration PROVIDED THAT the total remuneration by way of salary, perquisites and performance bonus shall not exceed the applicable ceiling in terms of Schedule XIII to the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force or such other higher amount of remuneration as may be approved by the Central Government."

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

By Order of the Board

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

Date: May 24, 2012

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

NOTES:

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.

1. The relevant Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business item nos. 6 and 7 of the Notice set out above are annexed hereto.
2. Brief profiles of the Managing Director and the Directors who are proposed to be re-appointed, are given as Additional Information on Directors, which forms part of the Notice.
3. Members are requested to:
 - i) bring their copies of the Annual Report, Notice and Attendance Slip duly completed and signed, at the meeting.
 - ii) quote their respective folio numbers or DP ID and Client ID numbers for easy identification of their attendance at the meeting.
4. Members who are Bodies Corporate are requested to send a certified copy of the board resolution authorising their representatives to attend and vote at the meeting.
5. The Register of Members of the Company will remain closed from Monday, August 6, 2012 to Monday, August 13, 2012 (both the days inclusive).
6. The dividend recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members as on August 3, 2012 in respect of physical shares. In respect of shares held in dematerialised form, the dividend will be paid to the 'beneficial owners' of the shares whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on August 3, 2012.
7. Pursuant to the provisions of sub-section (5) of Section 205A of the Companies Act, 1956, the amount of dividend which remain unclaimed or unpaid for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) of the said Section, is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the unclaimed dividend in respect of the financial year 2004-05 is due for transfer to the IEPF in September 2012. Members, who have not yet claimed their dividend for the financial year 2004-05 or for any subsequent financial years, are requested to claim the same from the Company. No claims shall lie against the said Fund or the Company in respect of the amount of dividend remaining unclaimed or unpaid after the said transfer to IEPF.
8. Pursuant to the provisions of Section 205A(5), the Company has transferred an amount of ₹1,85,320/- being the unclaimed dividend for the financial year 2003-04 to IEPF on October 4, 2011.
9. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nominations may send their request in Form 2B in duplicate (which will be made available on request) to the Registrars and Share Transfer Agents (RTA) of the Company.
10. 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 their shares by approaching any of the Depository Participants (DPs). In case any Member wishes to dematerialise his/her shares and needs any assistance, he/she may write to the Company Secretary at the Registered Office of the Company.
11. Members are requested to immediately notify any change of address;
 - to their DPs in case they hold shares in electronic form; and
 - to RTA of the Company along with their Bank particulars in case they hold shares in physical form.

so as to enable the Company to despatch the dividend pay orders or the communication relating to the Electronic Clearing Services (ECS)/ National Electronics Clearing Services (NECS) at their new address.

12. The annual listing fees for the year 2012-13 has been paid to the stock exchanges where Company's shares are listed.
13. Members holding the equity shares under multiple folios in identical order of names are requested to consolidate their holdings into one folio.
14. **Payment of dividend through ECS/NECS:**

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

The Members, holding shares in dematerialised/physical form are advised to intimate the bank details/change in bank details to their respective DPs or the RTA or to the Company, as the case may be. In absence of the above details, the Company will send the dividend pay orders/demand drafts 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 requested to update their bank account details with their respective DPs or RTA or the Company.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be made by e-mail to its members. To support this initiative of the Government, Members are requested to immediately notify their email ids to their respective DPs or the RTA or to the Company, as the case may be, to enable the Company to send all the future notices and documents through electronic mode.

ANNEXURE TO NOTICE

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

Item no. 6

Section 314(1) of the Companies Act, 1956, ('the Act') inter alia, provides that except with the consent of the Company accorded by a Special Resolution, no relative of a Director of a company shall hold any office or place of profit either under the company or under any subsidiary of the company carrying a total monthly remuneration of not less than ₹10,000/-.

Ms. Amishi Kampani, daughter of Mr. Nimesh Kampani, Chairman & Managing Director of the Company, has been appointed as a Senior Analyst in JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited), a wholly owned subsidiary of the Company ('the subsidiary company'), with effect from October 14, 2011 on the terms and conditions including remuneration as contained in the Letter of Appointment dated October 14, 2011 issued to her. Based on the said letter, the total monthly remuneration to be paid to Ms. Amishi Kampani is as under:

- **Basic Salary:** ₹47,500/- per month with such annual increments as may be decided by the board of the subsidiary company or its holding company or by any committees of the respective boards, subject to a ceiling of ₹1,00,000/- per month.
- **Allowances:** ₹70,550/- per month with such annual increase as may be decided by the board of the subsidiary company or its holding company or by any committees of the respective boards, subject to a ceiling of ₹1,50,000/- per month.
- Performance linked discretionary bonus as may be decided by the board of the subsidiary company or its holding company or by any committees of the respective boards.

Additionally, she is also entitled to Provident Fund, Gratuity and other benefits in accordance with the subsidiary company's policies in effect.

Since, Ms. Kampani is daughter of Mr. Nimesh Kampani, she is deemed to be holding an office or place of profit under the subsidiary company effective from October 14, 2011. The remuneration payable to Ms. Kampani exceeds the limit set out in Section 314(1) of the Act but does not exceed the limit set out under Section 314(1B) of the Act. Accordingly, the approval of the Members is sought under Section 314(1) of the Act for Ms. Kampani to hold and continue to hold office or place of profit under the subsidiary of your Company.

Ms. Kampani is a commerce graduate and has

obtained a bachelors degree in law from K. C. Law College, Mumbai. She has completed the All India Bar Council exam. She has been awarded the certificate of Credit in Mathematics by University of New South Wales. She has also completed internships in the equity research division of JM Morgan Stanley Securities Private Limited and dealing division of JM Financial Services Private Limited.

A copy of the Letter of Appointment dated October 14, 2011 will be available for inspection by the members at the Registered Office of the Company between 3.00 p.m. and 5.00 p.m. on any working day (Monday to Friday), up to the date of the Annual General Meeting.

The Board of Directors commends passing of the Special Resolution proposed at item no. 6 of the Notice.

Mr. Nimesh Kampani is interested in the Special Resolution proposed at item no. 6 of the Notice since it relates to the holding of office or place of profit under the subsidiary of your Company by his daughter.

Item no. 7:

The Board of Directors of the Company, at its meeting held on March 30, 2012, has re-appointed Mr. Nimesh Kampani as the Managing Director of the Company for a period of 5 (five) years effective from April 1, 2012 at remuneration and on the terms and conditions as set out in the draft Agreement ('the Agreement') to be entered into by the Company with Mr. Kampani.

The material terms and conditions of the Agreement proposed to be entered into with Mr. Kampani referred to in the resolution at item no. 7 of the Notice are as under:

1. **Period of appointment:** The Company to employ Mr. Kampani and Mr. Kampani to serve the Company as its Managing Director for a period of 5 (five) years from April 1, 2012.
2. **Duties:** Mr. Kampani to discharge such functions, exercise such powers and perform such duties as the Board shall from time to time determine and entrust to him. Subject to such restrictions or limitations as the Board may in its discretion determine, Mr. Kampani to have general control of business and management of day to day affairs of the Company.
3. **Travel:** Mr. Kampani to undertake such travel as may be needed in the interest of the Company's business or as directed by the Board from time to time.

4. Remuneration:

A. Salary:

- (i) Salary of ₹6,00,000/- (Rupees Six Lakh only) per month in the scale of ₹6,00,000/- (Rupees Six Lakh only) to ₹10,00,000/- (Rupees Ten Lakh only) per month, with such annual increments as may be decided by the Board or Compensation Committee of the Board during the tenure of Mr. Kampani as Managing Director.
- (ii) Performance Bonus of up to 5% of the consolidated net profits of the Company and its subsidiaries / associates as may be decided by the Board or Compensation Committee of the Board of the Company on an annual basis. The payment of such amount shall be subject to the applicable provisions of the Companies Act, 1956 and the approval of the Central Government, if any required.

B. Perquisites:

- (i) The Company to provide Mr. Kampani fully furnished residential accommodation. The up-keep and maintenance of the accommodation shall be borne and paid by the Company.
- (ii) The Company to provide Mr. Kampani up to two motor cars along with chauffeur and the maintenance and up-keep of the said cars to be borne and paid by the Company.
- (iii) The Company to provide gas, electricity and water at Mr. Kampani's residence and the expenses thereon to be borne and paid by the Company.
- (iv) The Company to reimburse the actual medical expenses incurred in India and/ or abroad by Mr. Kampani and his spouse.
- (v) The Company to pay for the annual and/ or membership fees of not more than two clubs on behalf of Mr. Kampani.
- (vi) The Company to provide life cover and personal accident insurance for Mr. Kampani in accordance with its Rules in that behalf for the time being in force.

C. Retirement benefits:

- The benefit of the Company's Provident Fund Scheme in accordance with the Rules of the Scheme for the time being in force.
- Gratuity as per the Rules of the Company for the time being in force.
- Encashment of un-availed leave at the end of Mr. Kampani's tenure as Managing Director as per the Rules of the Company for the time being in force.

D. Perquisites to be valued as per the Income Tax Rules, 1962, wherever applicable, and in the absence of any such rules, to be valued at actual cost.

E. (i) Mr. Kampani will be entitled to leave on full remuneration as per the Rules of the Company for a period of 25 (twenty five) days for every 12 (twelve) months' service and sick leave as per the Rules of the Company for the time being in force.

(ii) The Company to provide two telephones at the residence of Mr. Kampani and two mobile phones, the expenses of which to be borne and paid by the Company.

F. *Computation of ceiling:* The contribution to provident fund, gratuity and encashment of leave shall not be included in the computation of perquisites for the purposes of ceiling to the extent these are not taxable under the Income-tax Act, 1961.

G. *Minimum Remuneration:* If during the tenure of Mr. Kampani as Managing Director, the Company has no profits, or its profits are inadequate, the remuneration payable by the Company to Mr. Kampani shall be subject to the provisions of Schedule XIII to the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force or such other higher amount of remuneration as may be approved by the Central Government.

5. Mr. Kampani to comply with the Company's Code of Conduct as amended from time to time.

6. Termination of employment:

- (i) The Company to be entitled to terminate the employment of Mr. Kampani as Managing Director by 30 days' written notice, inter alia, if Mr. Kampani commits a breach of any of the terms of the Agreement.
- (ii) The Company or Mr. Kampani may terminate the Agreement by giving not less than 6 months' notice in writing to the other without assigning any reason.

7. Alteration to the Agreement: No alteration to the Agreement to be valid and binding unless made in writing and agreed by the Company and Mr. Kampani.

The approval of the Members is being sought for Mr. Kampani's appointment as Managing Director and to the above remuneration proposed to be paid to him pursuant to Sections 198, 269, 309 and 310 and other applicable provisions of the Act, read with Schedule XIII thereto.

A copy of the draft Agreement will be available for inspection by the Members at the registered

office of the Company between 3.00 p.m. and 5.00 p.m. on any working day (Monday to Friday) up to the date of the Annual General Meeting.

The Board of Directors commends passing of the Special Resolution proposed at item no. 7 of the Notice.

Mr. Nimesh Kampani is interested in the above resolution since it relates to his own appointment as Managing Director and the remuneration proposed to be paid to him as such. Mr. Ashith Kampani, brother of Mr. Nimesh Kampani, may also be deemed to be concerned or interested in the above resolution.

By Order of the Board

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

Date: May 24, 2012

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

BRIEF RESUME OF THE DIRECTORS AND MANAGING DIRECTOR SEEKING RE-APPOINTMENT AT THE TWENTY SEVENTH ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of the Director	Dr. Pravin P Shah		
Date of Birth	November 11, 1944		
Date of Appointment	June 1, 2006		
Qualification	B.Com, Grad. C.W.A., F.C.A., Ph D		
Expertise in specific functional areas	Chartered Accountant		
Brief Profile	<p>Dr. Shah is a Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai, and has over 42 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, accounting, auditing, corporate laws and laws relating to foreign exchange. He has contributed several technical papers at conferences and published books and articles in India and the United States of America on the above mentioned subjects.</p> <p>Dr. Shah also serves as a director on the board of several eminent Indian companies.</p>		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> • Adani Enterprises Limited • Bombay Rayon Fashions Limited • Claris Lifesciences Limited • Jai Corp Limited • Raheja Universal Limited • Milestone Capital Advisors Limited • JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited) • JM Financial Services Private Limited <p style="text-align: right;">} Subsidiary of Public Company</p>		
Memberships of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	<ul style="list-style-type: none"> • Adani Enterprises Limited • Bombay Rayon Fashions Limited • Claris Lifesciences Limited • Raheja Universal Limited • JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited) 	<ul style="list-style-type: none"> Member Chairman Chairman Chairman Member 	<ul style="list-style-type: none"> – – – Chairman –
Shareholding in the Company	Dr. Shah did not hold any equity shares in the Company as on March 31, 2012.		

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

Name of the Director	Dr. Vijay Kelkar		
Date of Birth	May 15, 1942		
Date of Appointment	March 19, 2010		
Qualification	B.E. from College of Engineering, Pune, M.S. from University of Minnesota and Ph.D in Economics from University of California, Berkeley.		
Expertise in specific functional areas	Economist		
Brief Profile	<p>Dr. Vijay Kelkar is currently the Chairman of National Stock Exchange of India Limited, Mumbai. He was conferred the Padma Vibhushan by the President of India, the Highest Padma Award, in January 2011, for his distinguished and exceptional service to the Nation.</p> <p>He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission. He has held several other key posts, among them, Advisor to Minister of Finance, Government of India in the rank of a Minister of State, from August, 2002 to September, 2004; Chairman, Finance Secretary to the Government of India 1998-99, Tariff Commission, Government of India, 1997-98; and Secretary, Ministry of Petroleum & Natural Gas, Government of India, 1994-1997.</p> <p>Internationally, Dr. Kelkar was Executive Director at the International Monetary Fund for India, Sri Lanka, Bangladesh and Bhutan from 1999-2002; and Director & Coordinator, International Trade Division of the United Nations Conference on Trade and Development, Geneva, Switzerland, 1991-1994.</p> <p>Dr. Vijay Kelkar has been elected Chairman of the board of the Forum of Federations, Ottawa, Canada, with effect from January 1, 2010. He is also the Chairman, Board of Trustees of India Development Foundation (IDF), New Delhi.</p>		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> • Britannia Industries Limited • Go Airlines (India) Limited • Green Infra Limited • JSW Steel Limited • Lupin Limited • National Stock Exchange of India Limited • Orbis Capital Limited • Tata Consultancy Services Limited 		
Membership of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	• Tata Consultancy Services Limited	Member	–
Shareholding in the Company	Dr. Kelkar did not hold any equity shares in the Company as on March 31, 2012.		

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

Name of the Managing Director	Mr. Nimesh Kampani		
Date of Birth	September 30, 1946		
Date of Appointment	June 12, 1987		
Qualification	B.Com, FCA		
Expertise in specific functional areas	Investment Banking including Mergers, Acquisitions & Restructuring, Corporate Finance and Capital Markets		
Brief Profile	<p>Mr. Kampani is the founder and Chairman of JM Financial Group. In his career spanning nearly four decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially, capital raising and mergers & acquisitions.</p> <p>Mr. Kampani holds significant position in various industry bodies. Mr. Kampani is currently a member of National Council, Task Force on Integrity and Transparency in Governance and National Council on Corporate Governance & Regulatory Affairs of Confederation of Indian Industry (CII). He is also a member of Selection Committee for Identification of Chair Professors in National Institute of Securities Markets established by Securities and Exchange Board of India (SEBI), Governing Council of the Indian Institute of Capital Markets, Governing Board of the Centre for Policy Research and VentureStudio promoted by Ahmedabad University.</p> <p>Mr. Kampani has served as a member of the Primary Market Advisory Committee and the Corporate Bond & Securitisation Advisory Committee of SEBI. He was also a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre and a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India. He has also served as a member on several important committees constituted by the National Stock Exchange of India Limited, BSE Limited, Federation of Indian Chambers of Commerce and Industry (FICCI), CII and Institute of Chartered Accountants of India. He was the Chairman of the CII's National Committee on Capital Markets. He was also a member on the Bloomberg Asia Pacific Advisory Board.</p> <p>Mr. Kampani serves as an Independent Director on the Board of some other leading Indian public companies.</p>		
Directorships held in other public companies excluding foreign companies	<ul style="list-style-type: none"> • Apollo Tyres Limited • Britannia Industries Limited • Deepak Nitrite Limited • KSB Pumps Limited • Kampani Consultants Limited • JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited) • JM Financial Services Private Limited <p style="text-align: right;">} Subsidiary of Public Company</p>		
Memberships of Committees in other public companies*	Name of the Company	Audit Committee	Shareholders' Grievance Committee
	<ul style="list-style-type: none"> • Britannia Industries Limited • KSB Pumps Limited • JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited) • JM Financial Services Private Limited 	<p>Chairman</p> <p>Chairman</p> <p>Member</p> <p>Chairman</p>	<p>Member</p> <p>–</p> <p>–</p> <p>–</p>
Shareholding in the Company	Mr. Kampani held 13,53,57,500 equity shares in the Company as on March 31, 2012 which includes 12,50,000 equity shares held by him as karta of Nimesh Kampani HUF.		

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

DIRECTORS' REPORT

To the Members,

The Directors of your Company have pleasure in presenting their Twenty Seventh Annual Report together with the audited annual accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS

(₹ in crore)

Particulars	Consolidated		Standalone	
	2011-12	2010-11	2011-12	2010-11
Gross income	873.97	895.92	63.31	44.12
Profit before depreciation and amortisation expenses, Finance costs & Tax expenses	490.25	494.37	46.21	20.91
Less: Depreciation and amortisation expense	11.47	12.44	0.54	0.62
Finance costs	296.07	243.53	0.05	0.02
Less: Reversal of Interest on income tax refund	–	(10.53)	–	(10.53)
Profit before tax	182.71	227.87	45.62	9.74
Provision for tax	56.26	57.99	3.15	2.00
Deferred Tax	3.19	(4.84)	(0.03)	(2.30)
Tax adjustment of earlier years (net)	0.10	(0.37)	–	#
Profit after tax but before minority interest and share in associate companies	123.16	175.09	42.50	10.04
Less: Share in profit of minority interest (net)	9.49	7.38	–	–
Add: Share in profit of associates	7.50	6.85	–	–
Net Profit	121.17	174.56	42.50	10.04
Add: Balance profit brought forward from earlier years	1,269.52	1,169.06	1,117.24	1,154.75
Profit available for appropriation	1,390.69	1,343.62	1,159.74	1,164.79
Appropriations				
Proposed dividend	45.04	44.99	45.04	44.99
Dividend distribution tax	7.31	7.45	0.44	1.06
General reserve	6.22	5.06	5.50	1.50
Statutory reserve	16.20	15.75	–	–
Capital redemption reserve	–	0.85	–	–
Surplus carried to balance sheet	1,315.92	1,269.52	1,108.76	1,117.24
	1,390.69	1,343.62	1,159.74	1,164.79

Denotes amount below ₹50,000/-

DIVIDEND:

The Directors are pleased to recommend the payment of a dividend of ₹0.60 per share for the financial year 2011-12 which is same as paid for the financial year 2010-11. The payment of dividend together with dividend distribution tax thereon will absorb ₹45.48 Crore as against ₹46.05 Crore during the previous year. The dividend payout ratio on the basis of consolidated profit after tax for the current year, inclusive of tax on dividend is 37.53% as compared to 26.38% for the previous year.

The dividend, if declared at the ensuing Annual General Meeting, will be paid on and from August 16, 2012 to those members whose names would appear in the Register of Members at the close of the business hours on August 3, 2012. In respect of the shares held in dematerialised form, the amount of dividend will be credited to the bank account of the respective members as per the data furnished by the Depositories as on that date.

FINANCIAL PERFORMANCE:

On consolidated basis, your Company earned a gross income of ₹873.97 Crore during the year under review as against ₹895.92 Crore in the previous year. The consolidated profit before tax is ₹182.71 Crore as against ₹227.87 Crore in the previous year. After providing for tax, the consolidated net profit of your Company is ₹121.17 Crore as against ₹174.56 Crore in the previous year. The consolidated net worth of your Company at the year end stood at ₹1,879.93 Crore which translates to a book value of ₹25.07 per share. The consolidated basic earnings per share is ₹1.62.

On standalone basis, your Company earned gross income of ₹63.31 Crore during the year under review as against ₹44.12 crore reported in the previous year. The profit before tax is ₹45.62 Crore as against the ₹9.74 Crore during the previous year. After providing for tax, the net profit of your Company is ₹42.50 Crore as against the net profit of ₹10.04 Crore in the previous year. The basic earnings per share is ₹0.57.

REISSUE OF FORFEITED SHARES:

During the year under review, your Company re-issued 87,000 equity shares of ₹1/- each which were earlier forfeited on account of non-payment of allotment/call moneys. These shares have been issued to

JM Financial Group Employees' Welfare Trust at a price of ₹27.46 per share on July 21, 2011.

EMPLOYEE STOCK OPTION SCHEME:

The employee stock option scheme instituted by your Company for the benefit of the employees / directors of the Company and its subsidiaries / associates (the Employees) is in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines). During the year under review, the Compensation Committee of the Board of your Company had on April 21, 2011 granted 7,500,000 stock options to the Employees under the Employees' Stock Option Scheme – Series 4. Out of 23,887,500 stock options granted by the Company under Series 1 to 4, 1,738,227 stock options have lapsed due to the resignation of the Employees. The aggregate number of stock options outstanding as on March 31, 2012 is 22,149,273.

Additionally, the Compensation Committee of the Board of your Company has further granted 7,302,669 stock options to the Employees under the Employees' Stock Option Scheme - Series 5 on April 16, 2012. These options will vest in three equal tranches at the end of first, second and third year from the date of grant. After the grant of the above options the total number of stock options outstanding as on the date of this report stands at 29,451,942.

The disclosures required to be made under Clause 12.1 of the SEBI Guidelines are given in Annexure I to this Report.

DEPOSITS:

Your Company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder and as such no amount of principal or interest was outstanding as on March 31, 2012.

INTERNATIONAL BUSINESS:

The Directors are pleased to report that as a part of the Group's strategy to expand internationally, JM Financial Singapore Pte Ltd. was established as step down subsidiary of your Company in Singapore during the year for carrying on financial services activities. The Group has also made substantial progress in establishing its presence in other jurisdictions, viz., Indonesia and USA.

SUBSIDIARY COMPANIES:

Amalgamation of some of the subsidiaries

During the year under review, as part of management restructuring exercise, various businesses conducted by the subsidiaries of your Company, which had close synergies with each other were proposed to be merged into one entity in order to achieve higher consolidated network for business and economies of scale arising out of such synergies.

Pursuant to this, it was decided to merge JM Financial Institutional Securities Private Limited, JM Financial Securities Private Limited, JM Financial Ventures Limited and its four subsidiaries viz., Oracle Enterprises Private Limited, Latitude Mercantile Private Limited, Ardour Trading Private Limited and Saptarishi Sales and Trading Private Limited with JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited), a wholly owned subsidiary of your Company.

The Scheme of Arrangement has since been sanctioned by the High Court of Judicature at Bombay vide its Order dated April 27, 2012. The Appointed Date fixed for the purpose of the amalgamation as above is March 31, 2012.

Audited accounts of subsidiary companies

Your Company's subsidiaries both direct and indirect are; JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited), JM Financial Products Limited, JM Financial Services Private Limited, JM Financial Asset Management Private Limited, JM Financial Comtrade Limited, JM Financial Investment Managers Limited, Infinite India Investment Management Private Limited, JM Financial Insurance Broking Private Limited, JM Financial GILTS Limited, CR Retail Malls (India) Ltd., JM Financial Overseas Holdings Private Limited, JM Financial Singapore Pte. Ltd. and JM Financial International Private Limited.

In terms of exemption granted by the Ministry of Corporate Affairs, vide General Circular No. 2/2011 dated February 8, 2011, copies of the Balance Sheet, Statement of Profit & Loss, report of the Board of Directors and report of the auditors of the subsidiary companies have not been attached to the annual audited accounts of the Company for the year ended March 31, 2012. However, as required under the aforesaid circular and pursuant to Clause 32 of the Listing Agreement, the consolidated financial statements of the Company duly audited by the

statutory auditors forms part of this Annual Report. Your Company shall make available, the audited annual accounts and related information of its subsidiaries, to those shareholders who wish to have copies of the same.

The audited annual accounts of subsidiary companies will also be kept open for inspection by any shareholder at the registered office of the Company on any working day, except on Saturdays, between 3.00 p.m. and 5.00 p.m. upto the date of the ensuing Annual General Meeting.

AWARDS FOR EXCELLENCE IN 2011-12:

Various subsidiaries of your Company have been conferred the following awards during the FY 2011-12;

JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited),

"Team of the Year" in the Indian Investment Banks category at the International Financial Law Review India Awards 2011.

JM Financial Services Private Limited

- Highest Broker Grading BQ 1 for the year 2011 by the rating agency CRISIL Ltd.
- 'Best Performing National Advisor – Institutional' award at the UTI MF and CNBC TV-18 Financial Advisor Awards 2012.
- Selected amongst the top 10 companies in India for rewards and recognition to the employees given by Great Places to Work Institute.

JM Financial Asset Management Private Limited

ICRA Mutual Fund Awards 2012

- JM Money Manager Fund was ranked as a Five Star Fund in the category of 'Open Ended Ultra Short Term' schemes for its 3 year performance till December 31, 2011.
- JM High Liquidity Fund was ranked as a Seven Star Fund in the category of 'Open Ended Liquid' schemes for its one year performance till December 31, 2011.
- JM High Liquidity Fund-Institutional Plan has been ranked as a Seven Star Fund in the category of 'Open Ended Liquid-IP' schemes for its one year performance till December 31, 2011.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORTS:

The Management Discussion and Analysis report and the Corporate Governance report for the year under review, together with a Certificate from the Statutory Auditors of your Company on compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

DIRECTORS:

- **Composition**

The Board comprises seven Directors, five of whom are Non-executive & Independent Directors, one Non-executive Director and one Managing Director.

- **Retirement by rotation**

In accordance with Article 130 of the Articles of Association of the Company read with the provisions of the Act, Dr. Pravin P Shah and Dr. Vijay Kelkar, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

- **Re-appointment of Managing Director**

Your Directors have re-appointed Mr. Nimesh Kampani as Managing Director of the Company for a period of 5 (five) years commencing from April 1, 2012. The resolution seeking approval of the Members for the appointment of Mr. Kampani as Managing Director forms part of the Notice convening the Twenty Seventh Annual General Meeting.

The Board recommends re-appointment of the Directors retiring by rotation and the re-appointment of the Managing director.

A brief profile of the Managing Director and each of the Directors proposed to be re-appointed along with other details and their shareholding in the Company as stipulated under Clause 49 of the Listing Agreement is appended as an annexure to the Notice convening the forthcoming Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed;

- they have selected such accounting policies and applied them consistently and made 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 Act, 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:

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, retire at the Twenty Seventh Annual General Meeting and being eligible, offer themselves for re-appointment. They have sought their re-appointment and have confirmed that their re-appointment, if made, will be within the limits of the provisions of Section 224(1B) of the Companies Act, 1956 and that they are not beneficially holding any security of the Company as defined under Section 226(3)(e) of the said Act. They have also confirmed that they hold a valid peer review certificate as prescribed under Clause 41(1)(h) of the Listing Agreement.

The Audit Committee and Board of Directors recommend the appointment of M/s. Khimji Kunverji & Co., Chartered Accountants as the Statutory Auditors of the Company for the year 2012-13.

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

The particulars as required under the Companies (Disclosure of Particulars in the Report of 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 note number 2.28 and 2.29 of the Notes to financial statement which forms part of the audited annual accounts.

CORPORATE SOCIAL RESPONSIBILITY:

At JM Financial, Corporate Social Responsibility (CSR) encompasses much more than social outreach programmes and is an integral part of the way the Company conducts its business. Detailed information on the initiatives of the Company towards CSR activities is provided in the Corporate Social Responsibility section of the Management Discussion and Analysis report.

PARTICULARS OF EMPLOYEES:

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

Your Company had 26 employees as on March 31, 2012. Out of the total number of employees, 7 employees employed throughout the year were in receipt of remuneration of more than ₹60.00 Lakh per

annum and 1 employee employed for part of the year was in receipt of remuneration of more than ₹5.00 Lakh per month.

ACKNOWLEDGEMENTS:

The Directors place on record their sincere appreciation for the ongoing support provided by Securities and Exchange Board of India, Reserve Bank of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, Forward Markets Commission, Depositories, other regulatory authorities and the Company's bankers.

The Directors also take this opportunity to express their gratitude to the stakeholders of your Company for their trust and confidence. The Directors recognise and acknowledge the unstinted support provided by the employees at all levels and also for their sincerity, commitment and professionalism. Your Directors look forward to their continuing support and all round efforts.

On behalf of the Board of Directors

Nimesh Kampani

Chairman & Managing Director

Place: Mumbai

Date: May 24, 2012

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

1. Options granted during the year : (FY 2011-12)	7,500,000
2. Pricing formula	: Discount to Market Price
3. Options vested	: 3,712,500 Options vested during the year
4. Options exercised	: Nil
5. Total number of shares arising as a result of exercise of Options	: Nil
6. Options lapsed	: 238,227
7. Variation of terms of Options	: None
8. Money realised by exercise of Options	: Not Applicable
9. Total Options in force as on March 31, 2012	: 22,149,273
10. Employee wise details of Options : granted to:	
(i) senior managerial personnel	4,042,063 Stock Options have been granted to 23 senior managerial personnel out of 7,500,000 Stock Options granted during FY 2011-12.
(ii) any other employee who received a grant in any one year of Option amounting to 5% or more Options granted during that year	None
(iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	None
11. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'.	Standalone - ₹0.56 Consolidated - ₹1.61

Annexure I (Contd.)

12. Difference between the employee : a. **On Standalone basis**
 compensation cost using intrinsic value ₹5.28 Core
 method and fair value method.

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

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	42.50	37.22
Basic EPS (₹)	0.57	0.50
Diluted EPS (₹)	0.56	0.49

- : b. **On Consolidated basis**
 ₹10.47 Core

Particulars	As reported	As adjusted
Net profit (₹ in Crore)	121.17	110.70
Basic EPS (₹)	1.62	1.48
Diluted EPS (₹)	1.61	1.47

13. Weighted-average exercise prices and : Weighted average exercise price – ₹1.00
 weighted average fair values of Options for : Weighted average value of option – ₹29.00
 Options whose exercise price is either equal
 or exceeds or is less than the market price
 of the stock Options

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

- i. Risk-free interest rate : 8.04%
- ii. Expected life : 4.5 years
- iii. Expected volatility : 61.67%
- iv. Expected dividend yield : 1.24%
- v. The price of the underlying share in : ₹31.40
 market at the time of Option grant

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ENVIRONMENT

Global economic recovery which has been taking shape since the 2008 financial crises and looked promising at one point suffered a major setback in 2011. The global economy was hit by unresolved structural fragilities and a barrage of shocks leading to a major sell-off in risky assets across global markets in 2011. The future of the Economic and Monetary Union of European Union came under question in 2011 as sovereign debt crisis spilled over causing sharp increases in key government bond yields. Confidence also deteriorated sharply, escalating financial stress further leading to a contraction of the euro area economy. Real GDP also contracted in Japan, due to supply disruptions from floods in Thailand and weaker global demand. However, activities in the United States accelerated in the latter half with growing consumption and pick up in investments. Credit and the labour market also began to show some resilience. The engines of growth, the emerging and developing economies, saw activity softening in 2011. Emerging Asia and Latin America growth slowed, partly due to cyclical factors, including recent policy tightening. In the Middle East and North Africa (MENA), activity remained muted with social unrest and geopolitical uncertainty at its peak. In sub-Saharan Africa, growth has continued largely unabated, helped by favorable commodity prices.

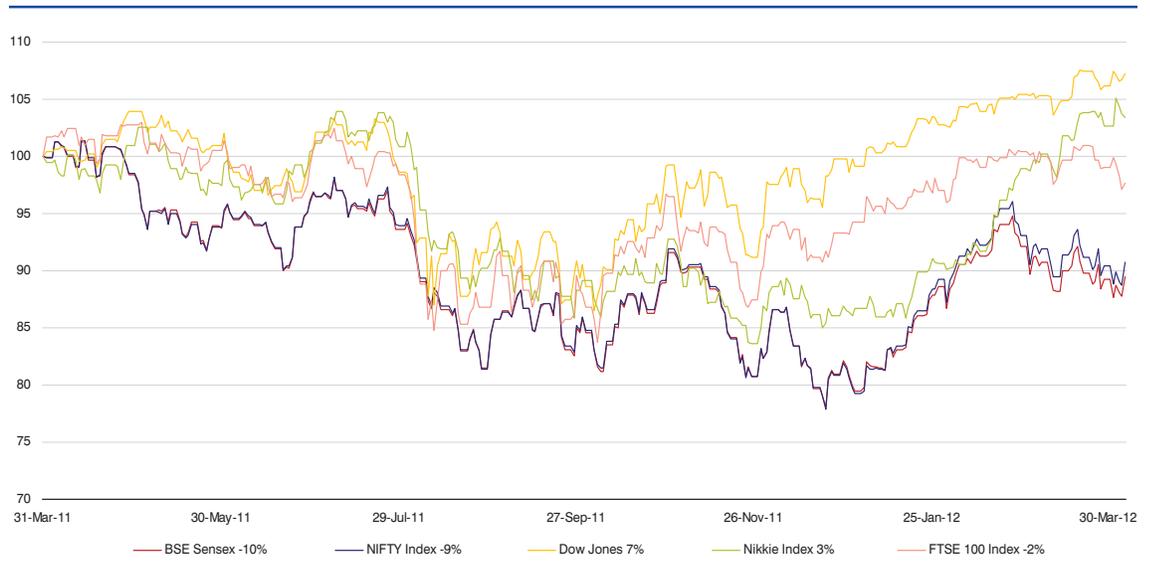
Labour market conditions are likely to remain very difficult in many advanced economies. Deleveraging by households and governments in advanced nations has kept household consumption muted. However, consumption dynamics in the emerging and developing economies have been strong which is consistent with strong labour markets. Greater uncertainty, accelerated deleveraging by banks in the euro area, and credit tightening in selected emerging market economies has slowed the growth of fixed investment. In various emerging market economies, notably China, real estate markets are cooling down, which implies slowing investment in construction.

Inflation risks in emerging market economies have kept policy on tightening mode for most of 2011. Oil prices were volatile in 2011 rising 30% YoY to an average of US\$110/barrel. Though production recovered in Libya, it fell in other OPEC nations, and non-OPEC output remained relatively weak. In addition, geopolitical risks have boosted oil prices. Other commodity prices have not seen much appreciation in prices as recovery in global economy stalled. Emerging markets would likely see inflation elevated with oil prices still high and economies operating close to full capacity plus supply-side disruptions. Balancing between inflation and growth would be a challenge for policy makers in emerging world.

Policy has played an important role in lowering systemic risk posed in 2011. We are seeing many of the advanced nations making progress in putting in place and implementing fiscal consolidation programs. In the euro area, combining the European Stability Mechanism (ESM) and the European Financial Stability Facility, ECB's three-year longer-term refinancing operations (LTROs), labour market reforms along with other recent European efforts, has helped in setting up a strong European firewall. In US, the extension of payroll tax relief and unemployment benefits has removed any abrupt fiscal tightening that would have put pressure on the US economy, where growth is now beginning to pick up. Emerging and developing economies continue to benefit from past policy improvements, but the key challenge for them is how to balance macroeconomic policies to address the significant downside risks from advanced economies, while keeping a check on overheating pressures from renewed inflation risks and volatile capital flows. Monetary policymakers would need to be vigilant that oil price hikes do not translate into broader inflation pressure and fiscal policy must contain damage to public sector balance sheets by targeting subsidies only to the most vulnerable households.

The International Monetary Fund in its World Economic Outlook (WEO) expects world economy to grow at 3.5% in 2012 and 4.1% in 2013. Growth is likely to be led by emerging and developing economies again, which are seen growing at 5.7% in 2012 and 6.0% in 2013. Advanced economies are expected to grow only by 1.4%, down from 1.6% in 2011. The WEO projections assume that policy makers will prevent a Greek-style downward spiral from taking hold of another economy on the euro area periphery. However, additional support will be provided only if market turmoil intensifies. Thus, sovereign spreads and euro area banking system stress indicators are expected to remain volatile and come down only gradually.

Stock markets across the world had mixed returns for FY 2012. The Dow Jones Industrial Average rose to a high of 13,289 after touching a low of 10,404 during FY 2012 and closed at 13,212 on March 31, 2012, up 7.24% YoY. UK's FTSE100 Index rose to a high of 6,104 during FY 2012 but then fell on back of the sovereign crises touching a low of 4,791 and closed at 5,768 on March 31, 2012, down 2.39% YoY. Japan's Nikkei 225 touched a high of 10,255 in FY 2012, after touching a low of 8,136 and closed at 10,084 as on March 31, 2012, up 3.37% YoY. India's BSE Sensex touched a high of 19,811 and a low of 15,136 during FY 2012, closing at 17,404 on March 31, 2012, down 10.5% YoY while Nifty touched a high of 5,944 and a low of 4,531 during FY 2012 before closing at 5,296 on March 31, 2012, down 9.22% YoY.



INDIAN ECONOMY

After two successive years of fairly robust growth of 8.4 per cent, GDP is estimated to decelerate sharply to 6.9 per cent in FY 2012, with a marked slowdown in agriculture, mining and quarrying, manufacturing and construction sectors. The estimated level of growth of 6.9% in GDP in FY 2012 was comprised of lower growth in all sectors; 2.5% growth in agriculture, which fell from 7.0% in FY 2011; 3.6% in industry vs 6.8% growth in FY 2011; and 8.8% in services vs 9.2% in FY 2011. The growth slowdown was driven by a sharp fall in investment, some moderation in private consumption and fall in net external demand. Industrial growth slowed sharply during FY 2012, led by contraction in mining and poor performance of the manufacturing sub-sector. Industrial activity lost steam on account of weak demand for consumer durables, reflecting interest rate sensitivity, deceleration in external demand and subdued investment demand due to decline in business confidence. The drag from investment is likely to continue in the near term. Corporate investment intentions continued to drop during Q3 of FY 2012.

India's investment growth is hampered by resource constraints. India imported 75% of its crude oil requirements in FY 2012 with imports growing 31.5% in FY 2012. Gas imports made up 24% of total consumption in FY 2012, as imports grew by 23.5% despite a 3% fall in consumption. Coal demand grew by 9% in FY 2012, while domestic production grew only by 4% resulting in larger dependency on imported coal. India's high import dependence and the much

higher levels of international pricing of these resources recently compared to past makes our growth vulnerable to external shocks. India's investments in infrastructure sector, particularly power sector, would remain constrained in this background.

Fiscal balances have also deteriorated sharply with center's fiscal deficit rising to 5.9% of GDP in FY 2012 from 4.6% of GDP in FY 2011. The deficit is much higher than the budgeted 4.6% of GDP on account of lower tax revenues especially from corporates and higher non plan expense mainly on account of lower disinvestment receipts and significant slippage on subsidies. The fiscal deficit is budgeted to improve in FY 2013 to 5.1% of GDP. However, it is important to note that fiscal consolidation as envisaged is subject to risks; especially with respect to subsidies and lower tax revenues.

The unfolding of the euro zone crisis and uncertainty surrounding the global economy have impacted India's external account with higher Current Account Deficit (CAD) and declining capital inflows. India's CAD at 4.3% of GDP for Q3FY2012 is the highest since 1990. Export growth has decelerated in latter half of FY 2012, while imports have remained high driven by higher gold and oil imports and continued high international oil prices. At the same time, foreign institutional investment flows have declined, straining the capital account and the rupee, with the exchange rate touching an all-time low of ₹54.23 per US dollar on 15th December 2011. India ran a BOP deficit of

US\$ 6.2 billion for the first nine months of FY2012, compared to a surplus of US\$13.2 billion during the corresponding period of FY 2011. The foreign exchange reserves reached an all-time peak of US\$ 322.2 billion at end August 2011 and a low of US\$ 292.8 billion at end January 2012. Foreign exchange reserves were US\$ 294.6 billion at end March 2012.

FY 2013 is likely to be a year when the economy recovers slowly from the large negative output gap. The growth in first half of FY2013 may be dragged

down by low pipeline investment but demand conditions may improve slowly. On a lower base, the odds favor an improvement in agriculture growth. This with some improvement in external climate and measures to address the supply-side bottlenecks would support improved industrial performance. If fiscal pressures are contained, the interest rate cycle could turn, further supporting investment. Persistence of high global oil prices and slowing growth in the euro area and China, however, pose downside risks.

INFLATION

Inflation stayed elevated at over 9% through the year, but has been falling since December 2011.

The recent fall in inflation has been largely supported by transitory factors such as seasonal decline in vegetable prices and favorable base effect. However, demand moderation, reflected in the dampening of the pricing power of producers has also played a role. Meanwhile, more permanent supply-side responses, for example in the dairy sector, have just begun to

take shape. Going forward, inflation in FY 2013 is likely to remain around current levels. Importantly, the near-term inflation trajectory is subject to significant upside risks, in particular from high oil prices and unsustainable levels of suppressed inflation, the lagged pass-through impact of rupee depreciation, higher freight rates and taxes, sustained wage pressures and the structural nature of protein-food inflation.

MONETARY CONDITIONS

After raising the policy rate by 375 basis points during March 2010- October 2011, with falling inflation and growth, the Reserve Bank shifted gears to a more neutral policy from December 2011, preparing to ease ahead if inflation trends down further. However, Liquidity conditions remained in a deficit mode throughout FY 2012 preventing the transmission of rate cuts. This deficit was largely structural caused in part by foreign exchange intervention and the increasing divergence between deposits mobilized and credit extended by commercial banks. During FY 2012, RBI injected primary liquidity through OMO purchases, aggregating around ₹130,000 crore and through CRR cuts of 125 bps infusing around ₹80,000 crore. Broad money (M3) growth fell below the indicative trajectory of the Reserve Bank towards the last quarter of

FY 2012 (12.9% vs 15%). This could be partly due to the time lag involved in the liquidity generation process that operates through the money multiplier following CRR cuts and also slackening pace of economic activity.

As on March 31, 2012, CRR was at 4.75%, SLR at 24%, repo rate at 8.5%, reverse repo at 7.5% and bank rate at 9.5%.

However, with growth slipping significantly and inflation also moderating to RBI's indicative range, the growth-inflation balance of monetary policy has tilted towards growth, prompting RBI to cut rates by 50bps in April' 12. Under the liquidity adjustment facility (LAF), the repo is now at 8%, reverse repo at 7% and MSF rates at 9%. The Bank Rate automatically adjusts to 9%.

CAPITAL MARKETS

SECONDARY EQUITY MARKET

With the sovereign crises deepening and growth faltering in 2011 for advanced countries, capital inflows into the emerging economies slowed down considerably. Indian markets were also affected with the Foreign Institutional Investors (FIIs) inflows slowing. FIIs invested US\$19 billion in the Indian markets including in debt instruments during FY 2012, down 41% from FY 2011 record levels of US\$32 billion.

The total market capitalisation of the companies listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) as on March 31, 2012, stood at ₹6,214,491 Crore and ₹6,096,518 Crore respectively as compared to ₹6,839,084 Crore and ₹6,702,616 Crore as on March 31, 2011. The average daily turnover on the cash segment of BSE and NSE dropped to ₹2,681 Crore and ₹11,289 Crore during FY 2012 as compared to ₹4,333 Crore and

₹14,029 Crore respectively during FY 2011. However, there was a substantial improvement in the volumes on the derivatives segment of NSE where the average

daily turnover increased to ₹1,25,903 Crore during FY 2012 as compared to ₹115,150 Crore during FY 2011.

(₹ in Crore)

Average Daily Turnover	2011-12	2010-11
Cash		
BSE	2,681	4,333
NSE	11,289	14,029
Derivatives		
BSE	3,247	0.61
NSE	1,25,903	1,15,150

PRIMARY MARKETS

The equity capital issuance activity was at very low ebb during the year. However, many companies raised resources through debt issuances. The Initial/Follow-on Public Offer (IPO/FPO) market witnessed 35 IPO/FPO of equity for a total amount of ₹10,482 Crore and 20 Debt issuances raising ₹35,623 Crore in financial

year 2011-12 as against 58 IPO/FPO of equity aggregating ₹48,654 Crore and 10 Debt issuances aggregating ₹9,451 Crore in financial year 2010-11.

The breakup of the funds raised during the financial year 2011-12 as compared to the financial year 2010-11 is as follows:

(₹ in Crore)

Primary market	2011-12		2010-11	
	No.	₹ in Crore	No.	₹ in Crore
IPO	34	5,904	53	35,559
FPO	1	4,578	5	13,095
Rights Issue	16	2,375	23	9,503
QIP	16	2,163	50	25,861
Total Equity Raised	67	15,020	131	84,018
Public issue of Debt	20	35,623	10	9,451
Total Amount Raised	87	50,643	141	93,469

MUTUAL FUND

During the FY 2011-12, there was a net redemption from the mutual funds of ₹22,024 Crore (₹15,446 Crore in private sector and ₹6,578 Crore in public sector) as against ₹49,406 Crore (₹19,215 Crore in private sector and ₹30,191 Crore in public sector) in FY 2010-11. The cumulative value of assets under management

of mutual funds was ₹587,217 Crore as on March 31, 2012 as against ₹592,250 Crore on March 31, 2011, a marginal decline of 0.85% YoY.

The following table illustrates the mobilisation of resources in the Indian Mutual Fund Industry:

(₹ in Crore)

Period	Gross Mobilisation			Redemption			Net Inflow / (Outflow)		
	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total	Private Sector	Public Sector	Total
2011-12	5,683,743	1,135,935	6,819,679	5,699,189	1,142,513	6,841,702	(15,446)	(6,578)	(22,024)
2010-11	6,922,925	1,936,591	8,859,515	6,942,140	1,966,782	8,908,921	(19,215)	(30,191)	(49,406)

PRIVATE EQUITY

In FY 2011-12, as per our estimate, the PE investments marginally increased to ₹39,177 Crore (368 deals) as compared to ₹37,222 Crore (333 deals) during FY 2010-11.

Year	Private Equity Investment (₹ in Crore)	Number of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2011-12	39,177	368	135.1	Financial Services, Real Estate and Infrastructure
2010-11	37,222	333	134.9	Power & Power Ancillary, Financial Services and Auto & Auto Ancillary

In FY 2011-12, Financial Services, Real Estate and Infrastructure sectors witnessed the highest activities in terms of deal value accounting for 14%, 13% and 13% respectively of the total PE investments.

Total PE exits amounted to Rs 15,397 Crore (66 deals) in FY 2011-12 as compared to Rs 16,203 Crore (106 deals) in FY 2010-11. PE-backed IPOs declined

in FY 2011-12 in India, due to uncertainty in the Indian capital markets. However, the exit activity picked up in the last quarter of FY 2011-12, driven by improved public market valuations. The exit activity is expected to accelerate as PE funds start approaching the end of their first cycle of investments in India.

Source: Various reports and websites of RBI, SEBI, IMF, DIPP, Bloomberg, CMIE, JM Financial Estimates and other print & electronic media.

BUSINESSES AND OPERATIONAL PERFORMANCE

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

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

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

INVESTMENT BANKING AND SECURITIES BUSINESS:

Our **Investment Banking** business is among the most experienced and well regarded in the industry. We advise clients across geographies globally on capital market options for their fund raising needs as well as for mergers and acquisition options.

The equity capital issuance activity was at very low ebb during the year. However, many companies raised resources through debt issuances. The IPO market witnessed 35 IPO/FPO – equity for a total amount of ₹10,482 Crore and 20 debt issuances raising ₹35,623 Crore in financial year 2011-12 as against 58 equity issuances (₹48,654 Crore) and 10 debt issuances (₹9,451 Crore) in financial year 2010-11.

JM Financial managed 4 equity issues and 2 QIP issues raising ₹7,448 Crore denoting market share of 51.20% and league table ranking of no. 1 and 10 Debt issues raising ₹9,360 Crore denoting market share of 23.90% and league table ranking of no. 7.

(Source: Prime database)

Our **Institutional Equities** business offers cash and derivatives broking services to institutional clientele in India and abroad. Our research covers over 170 companies across sectors which together contributes nearly 75% of the total market capitalisation.

Over the years, our research has been making the mark among the investor community earning their appreciation and identifying ideas and themes for investments.

Our focus in this business has been on developing integrated practice around credible corporates and investors who, while being focused on profits are committed to do the business with long term best practice view.

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

- The flagship India conference was hosted in two cities, namely, Mumbai and New Delhi in November 2011 which had participation of 83 corporates and 315 investors.
- Conferences in London and New York in May 2011 and March 2012 respectively were attended by number of clients and corporates.

Our **Investment advisory and distribution** business focuses on research based investment advisory, broking & distribution business catering to the corporates, High Net-worth Individuals, Ultra High Net-worth Individuals, Banks and Institutions.

Our Investment advisory business has three main divisions: Wealth Management, Equity Brokerage and Independent Financial Advisors. Wealth Management Group caters to High Net-worth Individuals, Ultra High Net-worth Individuals, Corporates, Banks & Institutions. Wealth Management follows the asset allocation model and provides a complete range of financial and custody solutions to the clients which includes Family Office Services, Advisory Services and Execution Services. Equity Brokerage Group offers brokerage services to Non Institutional Clients i.e., HNIs and Corporates. It serves the retail clients through its franchisee network. Independent Financial Advisors Group has network of over 8,000 Active IFAs who distribute various primary market products such as mutual funds, fixed deposits, IPOs, bonds, etc. We offer a wide range of products and services to our clients ranging from Equity, Derivatives, Portfolio Management Services, Mutual Funds, Fixed Income Products and distribution of Public Issues. We are among the largest distributors of third party products (Mutual Funds, Bonds and IPOs).

The investment advisory and equity broking services expanded its reach to 143 cities during the year. This has helped us in extending our focus on a de-risked business model and a widespread presence in locations that contribute 94% to the trading and investment volumes in Indian markets.

The assets under management for the Wealth Management Group stood at ₹18,894 Crore as at March 31, 2012. In the public issues of equity and fixed income securities, we mobilised around ₹7,850 Crore during the year with a market share of 8.79% in non-institutional category (Retail and HNI) and are among the top 3 players in terms of mobilization in equity public issues. We also mobilised more than ₹4,500 Crore in various company fixed deposits and fixed income products during the year.

In the commodities trading business our focus is to provide research based advice to clients on bullion, base metals, crude and other soft commodities. The business with its strong research base and excellent execution platform with membership of MCX and NCDEX is well positioned to be a preferred broker for corporates and high net-worth individuals. We offer commodity broking platform to our direct clients and clients of our franchisees. During the year, there has been a steady increase in the trading volume of the commodities business and we continue to concentrate on the emerging prospects of this business by regularly monitoring volume and profitability trends. We acquired the membership of the National Spot Exchange of India during the year.

Our businesses in this segment face severe and increasing competition from players with varying strength, predominantly driven by strong financial and lending ability backed by a banking business both in India and globally, and years of established global practice. The ever evolving regulatory framework puts additional constraints on our competitive position. The limited number of financial and investment instruments available domestically and the window of overseas investment opened up to Indian individuals lures large proportion of HNI funds to global wealth advisory platforms.

In the above backdrop, we have been continuously focused on our niche of advisory strength, client relationships and protection of client interest.

Recognizing the global nature of our business, during the year we took initiative of going global and have set up presence in Singapore and Indonesia. We are in the process of obtaining the regulatory approvals for our international offices/presence in these two countries as well as other important markets.

FUND BASED ACTIVITIES:

The **fixed income** business remained focused on lending to select corporates against tangible and liquid collateral security. It also engaged in placement of primary issuance of Non Convertible Debentures (NCDs) and Commercial Papers (CPs) for our corporate clients. It also selectively pursued investment opportunities in corporate bonds and government securities during the year.

Our **capital market funding** activities cover IPO Funding, Security Backed Financing - Loan against Shares / Margin Funding, Mutual Fund Financing, ESOP Financing and Sponsor Financing.

The ongoing economic uncertainty in the global market, the lack of reforms in the domestic market and the pressure on the Indian Government finances have put a lot of stress on our financing business. While keeping a keen eye on the quality of book and margins on lending, we have been able to sustain our position and level of business activities through the year. Our funding book has marginally grown from ₹1,987 Crore at the start of the year to ₹2,002 Crore as at March 31, 2012. Our average funding book size also remained constant during the year.

The **IPO funding** business remained lackluster due to lack of public issues during the year. Financing of ₹4,284 Crore was done during the year in equity/debt issuances.

The pressure on liquidity and high interest rates prevailed throughout the year. This in turn led to pressure on our Net Interest Margin (NIM). We followed a very disciplined approach to all our financing business and achieved a NIM of 4.21%. As a part of derisking strategy, we also raised mid term funding by issue of non convertible debentures with a view to diversify our borrowing portfolio.

As we have maintained a strong grip on our lending portfolio and have been extremely disciplined about maintaining margins, recoveries and client follow up, we have seen negligible levels of stress on our portfolio.

CRISIL re-affirmed the "CRISIL A1+" rating for the short-term debt program of NBFC and also assigned "CRISIL AA- / Stable" rating for long term NCD issuance, which indicates high degree of safety with regard to timely payment of interest and principal on the instrument being very strong.

The **Asset Reconstruction** business (ARC), engaged in acquisition of non-performing and distressed assets (NPAs) from banks and financial institutions (FIs) completed three full years of operations. The strategy of acquisition of corporate and retail portfolios and

subsequent resolution/ recovery was continued during the financial year 2011-12.

The ARC industry saw completion of very few deals during the year. This was primarily due to reduced NPA sale by banks. Further, most of the NPAs put up for sale were also very old, dated and litigious leading to mismatch in the price expectation between the banks and ARCs. We participated in various portfolio auctions conducted by Banks/FIs, but very few transactions were closed by Banks.

During the year, we made multiple acquisitions from 5 banks with total outstanding dues of ₹2236.83 Crore for a gross consideration of ₹223.49 Crore, thereby taking the total outstanding dues acquired to ₹5,091.42 Crore for a gross consideration of ₹852.45 Crore. Resolution strategies were initiated for majority of the assets acquired. As of March 31, 2012, accounts worth ₹270 Crore were restructured and Security Receipts worth ₹64 Crore held by JMF ARC and other investors were redeemed after which the outstanding Security Receipts stood at ₹758.39 Crore comprising of Corporate, SME and Retail portfolios. The Company also sold Security Receipts with a face value of ₹4.80 Crore to other eligible investors.

Currently, Indian banks face several challenges on multiple fronts. Most Indian banks generated substantial fresh NPAs and also sizeable proportion of restructured loans slipped into NPAs. RBI has laid special thrust on the role played by asset reconstruction companies in reduction of the rising NPA levels in the banking system. Setting up of credit information bureaus and central registry for recording mortgages will also result in better resolution of NPAs in the banking system. Further reforms in rationalization of stamp duty across states, increase in cap on FII investment in SRs, creation of secondary market for SRs, amendment in the SARFAESI Act for quicker and better resolution, etc., when implemented will present promising prospects for the asset reconstruction business in the coming years.

ALTERNATIVE ASSET MANAGEMENT

JM Financial India Fund is a **private equity fund**, focused on providing growth capital to dynamic, fast growing companies in India. The focus of the Fund has been to invest in companies that have high growth potential, are scalable with differentiated business model and are led by exceptional management teams. The Fund has fully drawn down and deployed its corpus and has made investments in companies in various business segments and at different stages of lifecycle. The Fund has successfully exited from two investments.

JM Financial Property Fund is a **real estate private equity fund** focussed on investing in residential, commercial, retail and hospitality development assets in India at project levels as well as in real estate development companies. The Fund has two schemes – viz. JM Financial Property Fund I (JMFPF – I) and JM Financial Property Fund II (JMFPF – II) of which one is for the domestic Indian investors and the second for the offshore investors. The domestic scheme is fully invested and it made its first distribution to the investors upon realization of its investments from two of its portfolio investments. The offshore scheme has made additional commitments for investments and will stand fully invested upon funding of the commitments estimated during FY 2012-13. The Fund is focused on actively monitoring the development projects and maximise its returns from such investments within the term of the respective schemes.

ASSET MANAGEMENT

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

The growth in assets of the Indian Mutual Fund (MF) Industry has been lackluster during the financial year 2011-12. The quarterly average assets under management (QAAUM) of the MF Industry declined from around ₹7.01 Lakh crore as at March 31, 2011 to around ₹6.65 Lakh crore as at March 31, 2012 as per the data provided by Association of Mutual Funds of India. The QAAUM of the JM Financial Mutual Fund also declined marginally from ₹5,918 Crore as at March 31, 2011 to ₹5,885 Crore (₹646 Crore in equity and ₹5,239 Crore in debt) as on March 31, 2012.

FINANCIAL PERFORMANCE

The continuing stress in the global financial system coupled with the domestic uncertainty have brought the domestic financial markets to near standstill. The sluggish pace of activity in Indian economy remained a cause of concern throughout the financial year 2011-12. The consolidated financial performance of the Company and its subsidiaries was adversely affected as a result of this adverse environment. The Company on a consolidated basis posted a lower gross income of ₹873.97 Crore as against ₹895.92 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹490.25 Crore as against ₹494.37 Crore, in the previous year. The Profit before tax stood at ₹182.71 Crore and Profit after tax stood at ₹121.17 Crore as against the Profit before tax of ₹227.87 Crore and Profit after tax of ₹174.56 Crore in the previous year.

Fees and commission earned during the year were ₹199.08 Crore as against ₹254.23 Crore during the previous year, constituting 23 % of the total revenue. Brokerage income earned during the year was ₹118.96 Crore as against ₹140.53 Crore during the previous year, constituting 13 % of the total revenue. Interest and other income on Fund based activities continued to be a major contributor of the gross revenue at ₹356.14 Crore as against ₹289.72 Crore during the previous year, constituting 41% of the total revenue. Revenue from treasury operations and investment income was ₹199.80 Crore as against ₹211.44 Crore during the previous year, representing 23% of the total revenue.

The segment wise break-up of revenues and results are as follows:

SEGMENT REVENUE

(₹ in Crore)

Particulars	2011-12	2010-11
Investment banking and securities business	404.43	491.11
Fund based activities	413.77	342.80
Alternative asset management	45.90	42.64
Asset management	30.25	31.69
Others	63.31	44.16
Total Segment Revenue	957.66	952.40
Less: Inter-segmental revenue	(83.69)	(56.48)
Total Revenue	873.97	895.92

SEGMENT RESULTS

(₹ in Crore)

Particulars	2011-12	2010-11
Investment banking and securities business	35.27	118.40
Fund based activities	133.11	97.99
Alternative asset management	9.48	12.46
Asset management	(2.26)	(6.00)
Others	7.11	5.03
Total Results	182.71	227.87

All our segments barring fund based activities registered a flat to modestly higher revenue over the previous year. However, the profit in these segments was significantly lower, barring in Asset Management where we arrested the negative contribution substantially. Investment banking business was impacted the most as several of the transactions we worked on could not be launched given the lackluster market conditions. Mergers & Acquisition advisory business also suffered as many transactions did not reach closure given valuation mismatch and uncertain business environment. Global strategic investors postponed their decisions relating to investments in India leading to delays or deferment or shelving of transactions. We executed few transactions for capital raising in equity (including QIP) and debt segments, as also in mergers and acquisitions. The Institutional Equity business continued to focus on greater research and client coverage. We also began exploring global opportunities in this segment during the year. The investment advisory and distribution business continued its focus on expanding client coverage. We added one hundred new franchisees during the year. Our focus on client centric solutions has helped us retain and grow client base and maintain revenues.

The Fund based business has done reasonably well during the year, registering a significant growth. The loan book stood at ₹2,002 Crore and the treasury book for fixed income securities was at ₹571 Crore as on March 31, 2012. Our continuous focus on the asset quality resulted in negligible incidence of doubtful recoveries. Going ahead, we propose to continue the focus on credit risk of the portfolio. At the same time, we continue our policy to carry a healthy provision for standard assets.

With plough back of earnings from fund based business adding to our net worth we expect to grow this business segment on a sustained business.

During the year, our asset reconstruction business

acquired new assets in the corporate as well as retail space and continued to resolve the assets acquired. We target to achieve a significant market share in the ARC segment considering the growing non-performing assets in the Banking System accentuated by the stress in the economy.

The Mutual Fund industry continued to feel the stress from the impact of previous year's slow down that was further worsened by the uncertainty and volatility of equity markets as well as extreme to moderate liquidity crunch during the financial year 2011-12. While there are no indicators that in the coming year the asset under management in the industry may improve in a major way, we continue our focus on consolidating the position and arresting negative contribution from this business.

Considering the adverse business environment, we continued our focus on containing costs in all areas including employees costs. However, higher interest costs and lower net fees meant lower profit margins. Costs related to expansion in overseas locations also impacted our profits as the revenues from this initiative are expected to flow after a time lag.

On a standalone basis, the Company earned a gross income of ₹63.31 Crore during the year as against ₹44.12 Crore in the previous year. The gross income includes ₹38.50 Crore on account of dividend received from subsidiaries as against ₹1.44 Crore in the previous year. The profit before tax stood at ₹45.62 Crore as against ₹9.74 Crore in the previous year and the profit after tax stood at ₹42.50 Crore as against ₹10.04 Crore in the previous year.

We would watch the business environment and economic outlook very closely in the coming year. We remain committed to grow our business in a judicious manner commensurate with opportunities in the industry. With our team of professionals and depth of experience in businesses, we would be strongly positioned to meet our growth focus.

OUTLOOK AND STRATEGY

While the long term India growth story is intact, the growth curve may not move steadily upwards in the short to medium term on account of rising fiscal deficit, high global oil prices and inflation, continued tightening by RBI to manage inflation and impact of the global macro economic factors. The growth in the capital markets in India has also started showing signs of moderation due to the impact of prolonged global economic recession and Indian macro economic scenario. 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 growth prospects of financial services sector in India. However, given the inherent linkage of most of our businesses with 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 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 keep expanding and diversifying our portfolio of

financial services and products, provide effective financial solutions, investing in human capital, effective risk management to navigate through complex day to day business situations, turbulent market cycles and building a business model that caters to multiple requirements of our clients.

We will continue to seek to take advantage of the opportunities presented by the economy to consolidate our position as one of the premier financial services group in India by ensuring accountability, transparency, professionalism and risk containment. Our continued focus on delivering unique solutions to the clients, expanding the product suite in the NBFC business and capitalizing on the advisory and funds raising opportunities offered by high growth economy will help stabilize our operations in uncertain times.

As a part of the Group's strategy to expand internationally, we have established our presence in Singapore and Indonesia. We are in the process of obtaining licenses required from local regulators to carry on financial services activities in these jurisdictions. We will also establish our presence in other important locations in coming months.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

The continued economic growth in the country has presented ongoing opportunities for financial intermediaries to spread and benefit from the investment culture across the country. Following factors present specific opportunities across our businesses:

- i Growing corporate activities and related need for fund raising, re-organisation and acquisitions;
- ii Size of the Indian capital market and favourable demographics like huge middle class, larger younger population with disposable income and investible surplus, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth;
- iii Low penetration of financial services and products in India;
- iv Globalization - corporates are looking at expanding in overseas/domestic markets through merger & acquisitions;
- v Growing mid size segment of corporate activity where the need for customised solution is particularly high;
- vi Regulatory reforms aiding greater participation by all class of investors.

THREATS

Despite great opportunities, there are significant factors presenting threats to our businesses viz.

- i Impact on economic growth of the rising prices of oil and industrial raw materials, decelerating investment demand and high inflation;
- ii Uncertainty of political situation in the country leading to concerns of diffused focus on growth stimulus and infrastructure building;
- iii Regulatory changes impacting the landscape of business;
- iv Increased competition from local and global players operating in India;
- v Attrition of employees caused by strong demand from ever increasing number of market participants;
- vi Continuous downward pressure on the fees, commissions and brokerages caused by an overbanked market and willingness of most players to deliver services at very low fees.

RISKS AND CONCERNS

Today financial services companies operate in increasingly complex, competitive and continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent regulatory framework. The ability to manage risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation which helps in delivering superior shareholder value by achieving an appropriate tradeoff between risks and returns. Convergence, consolidation, globalization and shifting regulations have posed innumerable and hitherto unprecedented challenges for the financial services industry.

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

The risk for JM Financial arises mainly out of the risks associated with the businesses of various companies within the group. We believe that risk assessment is a first step in a sound risk management procedure. We, at JM Financial, have developed comprehensive risk management policies and processes to deal with the risks that are encountered in conducting business activities in an effective manner.

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

The risks associated with operations of the businesses of various companies with the Group are given below:

CREDIT RISK

Credit risk is most simply defined as the potential that a borrower or counterparty will fail to meet its financial obligations in accordance with agreed terms.

We have instituted credit approval and review process comprising approval by the senior most team, extensive credit appraisal, proper documentation, periodic reviews, etc., in order to mitigate the credit risk. The loan portfolio is monitored on an ongoing basis post disbursement of funds.

MARKET RISK

Market risk is the risk that overall market or asset class will change in value according to economic conditions or other factors that may override characteristics specific to a particular stock, bond, commodity or currency. The Investments are vulnerable to fluctuations in various external factors. The value of the investment in securities may also vary due to movement in factors such as interest rates, exchange rates, credit spreads, asset prices and the dynamic economic environment in the country.

The investment/lending portfolio and collaterals/ securities are continuously monitored to assess the impact of the market risk and to take appropriate decisions.

LIQUIDITY RISK

Liquidity and solvency are very critical to our business. Liquidity risk is the current and prospective risk to earnings or capital arising from an organisation's inability to meet its obligations when they fall due without incurring unacceptable losses.

We have good credit rating and appropriate credit lines are available to address liquidity risks. Further, all our businesses are adequately capitalised and we hold sufficient investments in bank fixed deposits and liquid financial instruments to address the liquidity risks.

OPERATIONAL RISK

Operational risk is the risk of loss arising out of inadequate or flawed systems, controls or human errors or from failure of some employees to adhere to systems and control.

We manage the operational risks through well defined operational processes, policies and systems which are reviewed on a periodical basis. Regular audits by internal auditors ensure that the operating teams adhere to the defined processes and policies.

REGULATORY AND COMPLIANCE RISK

It is the risk arising from the changes in laws and regulations governing our businesses, difference in interpretation of regulation as compared with that of the regulators and inadequate monitoring of regulatory compliance.

We have a team of experienced professionals reporting to Group Head – Compliance, Legal & Company Secretary which ensures consistent compliance of applicable laws, rules, regulations and guidelines concerning our businesses. The team also monitors the ever evolving regulations regularly and advises our businesses promptly of the relevant regulations and their amendments.

REPUTATION RISK

Reputation risk is related to the trustworthiness of the business. It arises from the adverse perception of the Company in the mind of various stakeholders which may even result into loss of business/revenue.

We conduct our businesses with very high level of diligence, using best practices and in fair and transparent manner and endeavour to disseminate timely information to the clients, shareholders, investors and regulators.

COMPETITION RISK

Every organization in the world, big or small, faces a competition risk. In view of the ever evolving business environment, we face competition from various domestic and multinational financial institutions largely in relation to business and retention of key personnel.

Our team of strong and experienced managers, extensive research, innovative suite of products and services, fair and transparent business practices, healthy and friendly work environment, strong brand and expanding network help us to deal effectively with the competition in the industry.

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 to 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 performance.

We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We maintain adequate internal control systems commensurate with the nature of our business and size of operations, which provide, among other things, reasonable assurance of proper accounting controls, monitoring of operations, protection and conservation of assets, compliances with applicable laws and regulations and for ensuring reliability of financial reporting.

We have appointed independent internal audit firms for the Company and all our operating subsidiary companies to assess and improve the effectiveness of risk management, control and governance process. They are empowered to examine the adequacy of and compliance with policies, plans and statutory requirements. The internal audit reports are submitted to the Audit Committee of the Board of the respective companies. The existing audit procedures are reviewed periodically to enhance their effectiveness, usefulness and timeliness.

The senior management and Audit Committee of the Board regularly review the adequacy and efficacy of the internal control systems and give their suggestions for strengthening them wherever required. They also review the findings and recommendations of the internal auditors so as to continuously monitor and improve internal controls 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. This system enables us to capture a precise reflection of the organisation's position at all times and also facilitates the timely detection of anomalies thereby providing an objective assurance regarding the efficiency and effectiveness of internal controls and completeness of financial and management information.

JM Financial believes that business success is not an end in itself; rather it is a means to achieve higher socio-economic goals. The Company is committed to its stakeholders to conduct its business in a responsible manner. The Company embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large. Management's commitment, work ethics and business processes at Company encourages all its employees and other participants to ensure a positive impact and its commitment towards corporate social responsibility. Through its various Corporate Social Responsibility ("CSR") initiatives, JM Financial Group is enabling entire communities to 'RISE' with a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society.

CSR THROUGH PHILANTHROPIC ARMS

In our endeavour to make a positive contribution towards the lesser privileged communities, we have an organised structure in the form of two philanthropic arms - JM Financial Foundation established in the year 2001 and Kampani Charitable Trust established in the year 1982 to support an array of socio-economic, educational and health initiatives. The main objective is to contribute in a way which is lasting, is sustainable and scalable.

Our initiative has gained momentum in the last few years. Clarity, accountability and consistency are the cornerstones of our effort. It is of utmost importance that we reach out to such situations where we can really make the difference. The Foundation identifies and works alongside several NGOs to work on a number of outreach programs in various fields such as education, health and disaster relief.

PARTNERING WITH NGOS

Education has been a primary focus area of our CSR activities. This includes building of classroom blocks, providing classroom furniture / stationery and payment of fees / providing transport / funding Balwadis. We have partnered with various NGOs such as, K. C. Mahindra Education Trust, Powai Senior Citizens' Association, Kherwadi Social Welfare Association, KSB Care and Charitable Trust, The Akanksha Foundation, Yuvak Pratishthan, Vishwas, The Lepira India Trust, Ahmedabad University, etc. in various ways to achieve our goal of promoting education.

ENTREPRENEURSHIP DEVELOPMENT

As an extension of our focus on education, we believe that development of entrepreneurship is very important part of the long term goal of nation building. In our endeavour to support the objective of development of entrepreneurship, JM Financial, together with a few

like minded entities, supports the initiative called VentureStudio of Ahmedabad University.

Ahmedabad University in collaboration with Centre for Design Research at Stanford University, California, USA has set up a centre known as VentureStudio. The objective of the VentureStudio is to create entrepreneurship in young generation and provide them opportunities to start up innovative ventures.

The first batch of fellows from VentureStudio are well on their path to commercially launch the idea they developed at the VentureStudio.

SUPPORT TO VARIOUS ORGANISATIONS

As part of the healthcare initiatives, a number of focussed initiatives have been implemented. We have supported organizations such as Society for Rehabilitation of Crippled, Research Society for the Care, Treatment & Training of Children, Ratna Nidhi Charitable Trust, Akshay Patra Foundation, Tata Medical Centre, Shivanand Mission, Sankara Nethralaya, etc. to further our health care initiatives.

JM Financial Foundation has, on a continuous basis, endeavoured to provide aid and relief to victims affected by various natural catastrophes. Recently, when South India was cyclone hit, aid in the form of shelter intervention was given to rehabilitate victims, through Habitat for Humanity. Apart from the above, we have also supported Pragiti Pratishthan to enable solar lighting to villages without electricity and Foundation for promotion of sports & games for training athletes for the Olympic Games.

The ongoing programmes include Driшти and Sparsh.

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

Sparsh is the employee volunteering initiative at JM Financial. Employees pledge financial aid on a periodic basis towards the lesser privileged, aged members of society through the SPONSOR A GRAN programme of Helpage India. Employees volunteer for the Akanksha Mentoring Programme wherein children from Akanksha Foundation centres are mentored and counseled on career options, self confidence, academic help, etc.

WALKATHON

JM Financial Foundation organises a "Walkathon" which is an annual event, supported by our colleagues and clients by both participation in the walk as well as charity contributions. The donations received are used for charitable purposes.

HUMAN RESOURCES

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

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

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

The Human Resources (HR) function aims to achieve mutually rewarding association with its human capital and thus facilitate optimum return on investment. HR plays the role of an effective business partner in building the Group HR strategy and supports all our businesses by delivering best HR practices, processes and systems. HR coverage team members responsible for individual business units support employee engagement, resourcing, data analysis, employee relations and guidance, performance management, compensation and benefits and learning & development services.

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

- Talent Management
- Retention programs

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

At JM Financial, we participate in a year on year employee satisfaction study conducted by Great Place To Work in partnership with the Economic Times. During FY 2011-12, one of the subsidiaries of your Company viz. JM Financial Services Private Limited featured among the top 10 companies in India under the Rewards and Recognition category by Great Places To Work.

Our HR policies make us an innovative and attractive employer in the market place. We have over 500 man years of cumulative Senior Management experience across various financial services activities. Promoting internal mobility, recruiting talent, encouraging sustained employee development and offering competitive compensation and engaging work environment are all factors that make JM Financial an innovative and attractive employer. Our people work together across regions and divisions. This lively collaborative exchange of information and experience creates new business opportunities that in turn benefit our clients.

Our total employee strength as on March 31, 2012 was 1,070 compared to 1,129 a year before.

SAFE HARBOUR

This report describing our activities, projections and expectations for the future, may contain certain 'forward looking statements' within the meaning of applicable laws and regulations. The actual results of business may differ materially from those expressed or implied due to various risk factors and uncertainties. These risk factors and uncertainties include the effect of domestic as well as global economic and political events, volatility in interest rates and in the securities

market, new regulations and government policies that may impact our businesses as well as ability to implement our strategies. We are under no obligation to publicly amend, modify or revise any forward looking 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.

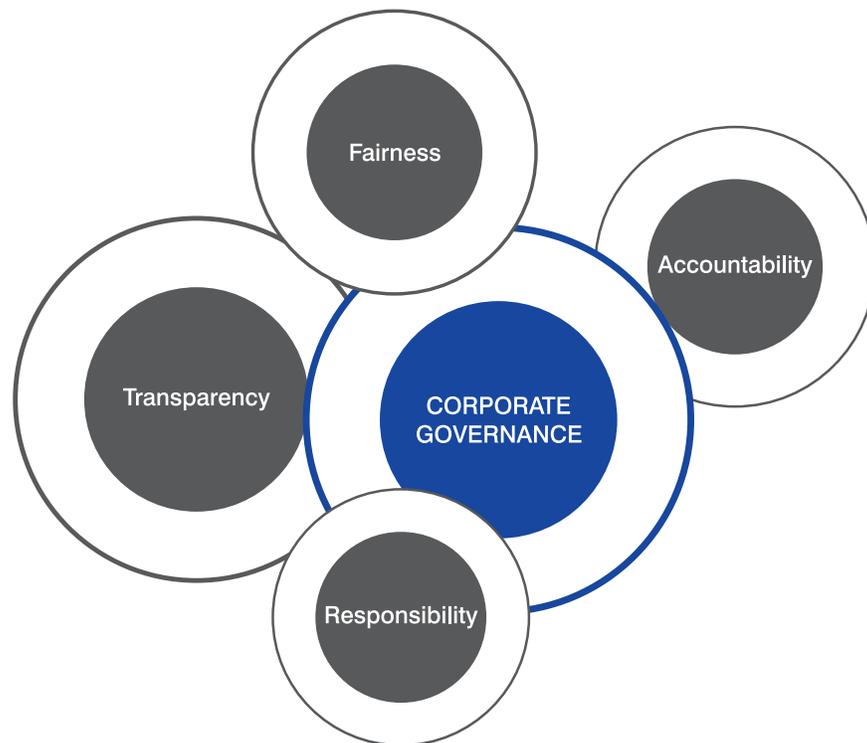
REPORT ON CORPORATE GOVERNANCE

1. OUR PHILOSOPHY

Corporate Governance is about commitment to conduct business in a fair, transparent and ethical manner in compliance with existing rules and regulations for promoting fairness, transparency and accountability in corporate dealings. It deals with the laws, procedures, practices and rules that determine a company's ability to take informed decisions vis-a-vis its shareholders, creditors, customers and other stakeholders. This can be accomplished by conducting business using good practices, objectivity, accountability and above all, integrity.

Corporate Governance has always been an integral practice at JM Financial in conducting its business for nearly four decades. We believe that corporate governance is a journey towards sustainable value creation for all the stakeholders. JM Financial's

philosophy of corporate governance is based on the values of integrity, teamwork, partnership, innovation, implementation, performance and client focus. Our vision is to be the most trusted partner for every stakeholder and we are committed to provide fair, transparent and equitable treatment to all our stakeholders. Demonstrating high level of accountability, maintaining high standards of transparency, timely disclosure and dissemination of price sensitive information, ensuring meticulous compliance with applicable acts, laws, rules and regulations and conducting business in the best ethical manner is part of our core value system. Accordingly, corporate governance stands on the broad pillars of transparency, fairness in action, accountability and responsibility towards the stakeholders.



JM Financial is not only committed to follow the prescribed corporate practices embodied in various regulatory provisions, but is constantly striving to adopt emerging best practices. It is our endeavor to achieve

higher standards and provide oversight and guidance for strategy implementation, risk management and fulfillment of stated goals and objectives.

2. BOARD OF DIRECTORS (“THE BOARD”)

At the core of the corporate governance practices is the board of directors which oversees how the management serves and protects the long term interests of all the stakeholders of the Company. The contribution of directors on the board of any company is critical for ensuring appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieving greater levels of performance on a sustained basis as well as adherence to the best practices of corporate governance. The board provides and evaluates the strategic direction of the Company, management policies and their

effectiveness and ensures that the long term interests of the shareholders and other stakeholders are being served.

Commensurate with the size of the Company, complexity and nature of various underlying businesses, our Board consists of persons having professional background, varied experience, knowledge and commitment to discharge their responsibilities and duties. Considering the nature and complexities of business, we believe that the size of the Board is optimal.

a. Composition of the Board of Directors:

The Board consists of 7 Directors out of which 5 are Non Executive & Independent directors. The composition of the Board and the position held by each of the Directors on the Board is as follows:

Name of the Director	Executive/Non-Executive/Independent
Mr. Nimesh Kampani	Chairman & Managing Director
Mr. Ashith Kampani	Non Executive Director
Mr. D E Udawadia	Non Executive & Independent Director
Dr. Pravin P Shah	Non Executive & Independent Director
Mr. E A Kshirsagar	Non Executive & Independent Director
Mr. Paul Zuckerman	Non Executive & Independent Director
Dr. Vijay Kelkar	Non Executive & Independent Director

All the Independent Directors have confirmed to the Board that they qualify to be independent as per the definition of 'Independent Director' stipulated in Clause

49 of the Listing Agreement. These confirmations are placed before the Board on an annual basis.

b. Brief Profile of Directors:

Name of the Director	Age & Qualification	Brief Profile
Mr. Nimesh Kampani	65 years, B.Com, FCA	<p>Mr. Nimesh Kampani is the founder and Chairman of the JM Financial group. He is a commerce graduate from Sydenham College, Mumbai and a qualified Chartered Accountant. In his career spanning nearly four decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions.</p> <p>Mr. Kampani is currently:</p> <ul style="list-style-type: none"> • Member of the National Council of Confederation of Indian Industry (CII) • Member of the CII National Council on Corporate Governance & Regulatory Affairs • Member of the CII Task Force on Integrity and Transparency in Governance • Member of the Selection Committee for Identification of Chair Professors in

Name of the Director	Age & Qualification	Brief Profile
		<p>National Institute of Securities Markets established by Securities and Exchange Board of India (SEBI)</p> <ul style="list-style-type: none"> • 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 Advisory Board of VentureStudio promoted by Ahmedabad University <p>Mr. Kampani has served as a member of the Primary Market Advisory Committee and the Corporate Bond & Securitisation Advisory Committee of SEBI. He was a member of the SEBI appointed Takeover Committee that made path breaking work for creation of regulatory framework for corporate takeovers in India. He was also a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre and a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India. He has also served as a member on several important committees constituted by the National Stock Exchange of India Limited, BSE Limited, Federation of Indian Chambers of Commerce and Industry (FICCI), CII and Institute of Chartered Accountants of India. He was the Chairman of the CII's National Committee on Capital Markets. He was also a member on the Bloomberg Asia Pacific Advisory Board.</p> <p>Mr. Kampani also serves as an independent director on the Board of some other leading Indian public companies.</p>
Mr. Ashith Kampani	48 years, B. Com	<p>Mr. Ashith Kampani has over three decades of experience in the Indian capital markets. During these three decades, he has been servicing various clientele segments including Retail, High Net Worth Individuals, Corporates and Institutional Investors, both domestic and global.</p> <p>Mr. Kampani began his career with the family's stock broking firm in 1982, and from 1991 to 2007, he was engaged in various group ventures including 8 year stint with JM Financial's Institutional equity broking joint venture.</p> <p>Mr. Kampani is also a member of the managing committee of the Bombay Chamber of Commerce and Industry and Governors for Universal Business School, India. He has also served as Chairman of Young Bombay Forum, the initiative taken by Bombay Chamber of Commerce and Industry to nurture young leaders in India to become globally competitive and contribute towards Nation Building.</p>
Mr. E A Kshirsagar	70 years, B.Sc, FCA (England & Wales)	<p>Mr. E A Kshirsagar is a Fellow of the Institute of Chartered Accountants in England & Wales.</p> <p>Mr. Kshirsagar has wide experience in Corporate Strategy & Structure, Valuation, Feasibility Studies, Disinvestments, Mergers & Acquisitions. He was associated with the Management Consultancy division of A F Ferguson for over three decades and retired in 2004 as a Senior Partner.</p> <p>Mr. Kshirsagar serves on the Board of other leading Indian public companies.</p>
Mr. D E Udawadia	72 years, M.A, LLB	<p>Mr. D E Udawadia, is an Advocate and Solicitor of the Bombay High Court. He is also a Solicitor of the Supreme Court of England.</p> <p>Mr. Udawadia is the founder partner of M/s. Udawadia & Udeshi, Advocates & Solicitors, since July, 1997. Consequent upon the reconstitution of the firm, its</p>

Name of the Director	Age & Qualification	Brief Profile
		<p>name was changed to Udwardia Udeshi & Argus Partners effective 1st April 2012. Prior to this, he was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, for over 20 years. He and his Firm are legal advisors to many Indian companies, multinational companies and foreign banks having presence in India.</p> <p>Mr. Udwardia has over 47 years in active law practice and has vast experience in areas of corporate law, mergers and acquisitions, takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, intellectual property, international loans and finance related transactions and financial instruments, mutual funds, real estate and conveyancing.</p> <p>Mr. Udwardia also serves on the Board of other leading Indian public companies.</p>
Dr. Pravin P Shah	67 years, B. Com (Hons.), CWA, FCA, Ph.D.	<p>Dr. Pravin P Shah is a Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 42 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, accounting, auditing, corporate laws and laws relating to foreign exchange. He has contributed several technical papers at conferences and published books and articles in India and the USA on these subjects.</p> <p>Dr. Shah is also associated as a director on the board of some of other Indian companies.</p>
Mr. Paul Zuckerman	67 years, B.A. (Hons.), M.A, Ph.D	<p>Mr. Paul Zuckerman holds a Ph.D in Agricultural Economics from Reading University, United Kingdom and a M.A. in Economics from Cambridge University. Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited and is a director of a number of companies around the world. He has been associated with various international organisations including World Bank. He was the Vice Chairman, SG Warburg International, prior to its acquisition by UBS and responsible for business in India and Latin America. In his capacity as the Vice Chairman then, he was closely associated with a number of Indian companies and institutions in the early days of globalisation.</p>
Dr. Vijay Kelkar	70 years, B.E., M.S., Ph.D in Economics	<p>Dr. Vijay Kelkar is currently the Chairman of National Stock Exchange of India Limited, Mumbai. He was conferred the Padma Vibhushan by the President of India, the Highest Padma Award, in January 2011, for his distinguished and exceptional service to the Nation.</p> <p>He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission. He has held several other key posts, among them, Advisor to Minister of Finance, Government of India in the rank of a Minister of State, from August, 2002 to September, 2004; Chairman, Finance Secretary to the Government of India 1998-99, Tariff Commission, Government of India, 1997-98; and Secretary, Ministry of Petroleum & Natural Gas, Government of India, 1994-1997.</p> <p>Internationally, Dr. Kelkar was Executive Director at the International Monetary Fund for India, Sri Lanka, Bangladesh and Bhutan from 1999-2002; and Director & Coordinator, International Trade Division of the United Nations Conference on Trade and Development, Geneva, Switzerland, 1991-1994. Dr. Kelkar has been elected Chairman of the board of the Forum of Federations, Ottawa, Canada, with effect from January 1, 2010. He is also the Chairman, Board of Trustees of India Development Foundation (IDF), New Delhi.</p> <p>He serves as a director on the Board of several other leading Indian public companies.</p>

Other Details of Directors

Name of the Director	No. of Board meetings attended during the FY 2011-12	Attendance at last AGM	Number of directorships in other public companies as on March 31, 2012#	Number of committee memberships in other public companies as on March 31, 2012*	
				Chairman	Member
Mr. Nimesh Kampani	8	Yes	8	3	3
Mr. Ashith Kampani	6	Yes	–	–	–
Mr. E A Kshirsagar	8	Yes	6	4	4
Mr. D E Udawadia	7	Yes	11	1	9
Dr. Pravin P Shah	7	Yes	8	4	2
Mr. Paul Zuckerman	5	No	2	–	2
Dr. Vijay Kelkar	6	Yes	8	–	1

The directorships held by Directors as above do not include directorships of foreign companies and Section 25 companies.

* Represents chairmanship/membership only of Audit Committee and Shareholders' Grievance Committee.

None of the above Directors holds directorship in more than 15 public companies or is a member of more than 10 Committees or the Chairman of more than 5 Committees.

Number of Board meetings held and the dates on which held

Eight Board meetings were held during the financial year 2011-12 with at least one meeting in each quarter as prescribed under Clause 49 of the Listing

Agreement. The details of the meetings held are as under:

Date	No. of Directors present	Date	No. of Directors present
May 25, 2011	5	January 9, 2012	4
July 28, 2011	6	February 7, 2012	6
October 24, 2011	7	March 22, 2012	7
December 20, 2011	7	March 30, 2012	5

Board meetings and procedure

The meetings of the Board of Directors are normally held in Mumbai. The Board meetings of the Company as well as of its subsidiaries are scheduled in advance and the notice of each such meeting is given in writing to their respective Directors. The annual calendar of meetings is broadly determined at the beginning of the each calendar year. To consider any specific/urgent agenda, urgent meetings are called at a shorter notice. In case of exigencies or urgency, resolutions are also passed by circulation in due compliance with the applicable provisions of the Act.

All the concerned persons 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 detailed agenda as approved by the Chairman together with the relevant attachments is circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decision. Where it is not practicable to circulate any document or if the agenda is of the confidential nature, the same is tabled at the meeting without written material being circulated. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the chair. Senior Management Personnel are invited to the Board meeting to provide additional inputs for the items being discussed by the Board of Directors as and when necessary. The Board

members interact with CEOs of the various operating subsidiary companies frequently both at the Board meetings and outside of the Board meeting.

As part of its function, the Board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets and capital expenditure.

The Company Secretary also places before the Board an action taken report on the implementation of the decisions of the Board in the form of matters arising from the previous meeting 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.

Recording Minutes of proceedings at Board and Committee meetings

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to the members of the Board/Committee for their comments.

Post meeting follow-up mechanism

The Company has an effective post meeting follow-up, review and reporting process for the

decisions taken by the Board and Committees thereof. The important decisions taken at the Board/Committee meetings are communicated to the concerned persons promptly. Action taken report on the decisions/minutes of the previous meetings is placed at the immediately succeeding meeting of the Board/Committees for noting by the Board/Committees.

Code of Conduct

The Code of Conduct, which has been formulated for the Board Members and Senior Management Personnel of the Company, is posted on the website of the Company, viz. www.jmfl.com. All the Board Members and Senior Management Personnel have confirmed compliance with the said Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is given below:

Declaration

I confirm that the Company has obtained confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2011-12.

Place: Mumbai

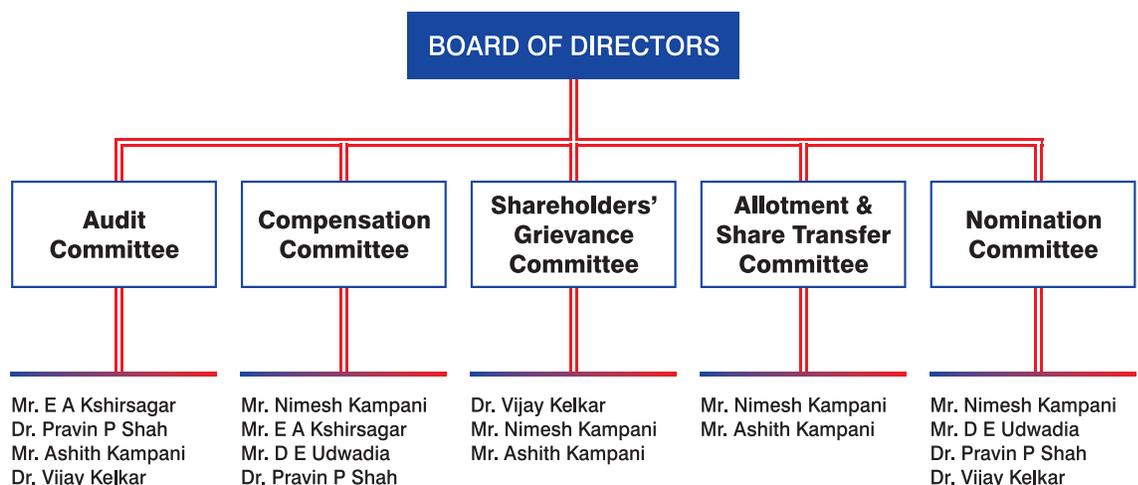
Nimesh Kampani

Date: May 24, 2012 Chairman & Managing Director

3. BOARD COMMITTEES

The Board of Directors has constituted following Committees of the Board with specific terms of reference assigned to each such Committee.

The Committees meet regularly to discharge the duties assigned to them by the Board.



a. AUDIT COMMITTEE

The scope, terms of reference and working of the Audit Committee are in conformity with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Constitution of Audit Committee

The Audit Committee consists exclusively of Non executive Directors comprising Mr. E A Kshirsagar, Dr. Pravin P Shah, Mr. Ashith Kampani and Dr. Vijay Kelkar. Mr. Kshirsagar, an Independent Director is the Chairman of the Committee. All members have the requisite qualifications as prescribed under Clause 49 of the Listing Agreement. The Company Secretary acts as the Secretary to the Audit Committee. The Statutory Auditor, Internal Auditor, the Firm Management team and the Chief Financial Officer of the Company, are invited to the meetings of the Audit Committee.

Scope/Functions of Audit Committee

The Audit Committee assists the Board in its responsibility for overseeing the quality and

Meetings and Attendance of the members

Name of the member	May 25, 2011	July 28, 2011	October 24, 2011	February 7, 2012	March 22, 2012
Mr. E A Kshirsagar	✓	✓	✓	✓	✓
Dr. Pravin P Shah	✓	✓	✓	×	✓
Mr. Ashith Kampani	×	✓	✓	✓	✓
Dr. Vijay Kelkar	✓	✓	✓	✓	✓

integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's role is to oversee the accounting and financial reporting process of the Company, audit of the Company's financial statements, appointment, independence, performance and remuneration of the statutory auditors as well as internal auditors and the Company's risk management policies. The Audit Committee also reviews the internal audit reports periodically and gives directions to the management in the areas that need to be strengthened. The recommendation of the Audit Committee on any matter relating to financial management including the audit report, is communicated to the Board. The Audit Committee of the Board also reviews the financial statements of and material investments made by the unlisted subsidiary companies. The minutes of the Audit Committee meetings also form part of the agenda of the Board meetings. Additionally, the Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

b. COMPENSATION COMMITTEE

Constitution of Compensation Committee

The Board has constituted a Compensation Committee comprising Mr. Nimesh Kampani,

Mr. E A Kshirsagar, Mr. D E Udawadia and Dr. Pravin P Shah. Mr. Kampani acts as the Chairman of the Compensation Committee. All members other than Mr. Kampani are Non Executive & Independent Directors.

Meetings and Attendance of members

Name of the member	April 21, 2011	March 30, 2012
Mr. Nimesh Kampani	✓	✓
Mr. E A Kshirsagar	✓	✓
Mr. D E Udawadia	✓	✓
Dr. Pravin P Shah	✓	✓

Terms of reference

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

c. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Shareholders' Grievance Committee of the Board oversees redressal of shareholder and

Meetings and Attendance of the members

Name of the member	May 25, 2011	July 28, 2011	October 24, 2011	February 7, 2012
Dr. Vijay Kelkar	✓	✓	✓	✓
Mr. Nimesh Kampani	✓	✓	✓	✓
Mr. Ashith Kampani	×	✓	✓	✓

The number of complaints received and resolved during the year under review and their break-up is as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Report	03
Non-Receipt of Dividend	26
Non-Receipt of Interest/Redemption proceeds	01
Non-Receipt of Share Certificates	01
Total	31

No complaint was outstanding as on March 31, 2012.

d. ALLOTMENT & SHARE TRANSFER COMMITTEE

The Board of Directors of the Company has established the Allotment & Share Transfer Committee with a view to expedite the process of share transfers and allotment of equity shares. The Committee meets as and when the requests are received from investors/shareholders regarding transfer/transmission of shares held in

investor grievances pertaining to share transfers, non-receipt of annual reports, dividend, share certificates and other miscellaneous grievances. It also considers the matters which can aid better investor service and relations.

Constitution of Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises Dr. Vijay Kelkar, Mr. Nimesh Kampani and Mr. Ashith Kampani.

Dr. Vijay Kelkar, Non Executive & Independent Director, is the Chairman of the Committee. The Company Secretary of the Company acts as the Compliance Officer and takes the Committee through each of the grievances, the steps taken and the responses given to redress grievances.

physical mode, in order to expeditiously dispose of the share transfer requests.

Constitution of Allotment & Share Transfer Committee

The Allotment & Share Transfer Committee comprises Mr. Nimesh Kampani and Mr. Ashith Kampani. Mr. Nimesh Kampani is the Chairman of the Committee. The Company Secretary of the Company acts as the Secretary to the Committee.

During the year, the Allotment & Share Transfer Committee met 16 times where both the members of the Committee were present.

e. NOMINATION COMMITTEE

The Nomination Committee of the Board has been constituted to review and recommend the appointment of Executive, Non executive and Independent Directors and determining the process for evaluating the skills, knowledge,

experience and effectiveness of individual directors as well as the Board as a whole.

The Nomination Committee comprises four Directors, three of whom are Non executive & Independent Directors. The fourth member is the Managing Director.

Mr. Nimesh Kampani acts as the Chairman of the Committee. The names of the members of the Nomination Committee and details of the meeting attended by them are given below:

Meetings and Attendance of the members

Name of the member	December 20, 2011	March 22, 2012	March 30, 2012
Mr. Nimesh Kampani	✓	✓	✓
Mr. D E Udawadia	✓	✓	✓
Dr. Pravin P Shah	✓	✓	✓
Dr. Vijay Kelkar	✓	✓	✓

4. REMUNERATION TO DIRECTORS

Remuneration of the Chairman & Managing Director

Mr. Nimesh 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 into by the Company with Mr. Kampani and in accordance with the special resolution passed by the shareholders at the Twenty Sixth Annual General Meeting held on July 28, 2011. The details of the remuneration paid to Mr. Kampani during the financial year 2011-12 is given below:

Salary	Allowances	Perquisites	Total
₹3,000,000/-	₹3,000,000/-	₹4,988,258/-	₹10,988,258/-

The above amount does not include ₹3,60,000/- being the contribution to provident fund as per the rules of the Company. Mr. Kampani was not paid any sitting fees for attending meetings of the Board or any Committees of the Board.

The Board of Directors at its meeting held on March 30, 2012, has re-appointed Mr. Nimesh Kampani as Managing Director of the Company for a period of 5 (five) years from April 1, 2012, subject to the approval of the members in the general meeting. The material terms of Mr. Kampani's re-appointment as Managing Director including the remuneration proposed to be paid to him are set out in the explanatory statement to the Notice convening the Twenty Seventh Annual General Meeting of the Company.

Remuneration Policy for Non executive Directors

The Company follows transparent process for determining the remuneration of Non executive Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board. Besides this, the Board also takes into consideration the external competitive environment, track record, individual performance of such directors and performance of the Company as well as the industry standards in determining the remuneration of Non executive Directors.

In the backdrop of growing complexities and increasing regulatory requirements, the Non executive Directors have contributed significantly during the meetings and given constructive and useful feedback pertaining to the operations of the Company.

Remuneration to Non Executive Directors

Details of sitting fees/commission paid/payable to the Non Executive Directors of the Company are given below:

(Amount in ₹)

Name of the Director	No. of shares held in the Company	No. of Stock Options held	Sitting fees paid during the year 2011-12				Commission
			Board Meeting	Audit Committee Meeting	Compensation Committee Meeting	Nomination Committee Meeting	
Mr. Ashith Kampani	275	–	120,000	80,000	–	–	500,000
Mr. E A Kshirsagar	–	150,000	160,000	100,000	20,000	–	900,000
Mr. D E Udawadia	–	150,000	140,000	–	20,000	30,000	800,000
Dr. Pravin P Shah	–	150,000	140,000	80,000	20,000	30,000	800,000
Mr. Paul Zuckerman	–	75,000	100,000	–	–	–	800,000
Dr. Vijay Kelkar	–	–	120,000	100,000	–	30,000	900,000

During the financial year 2011-12, the Company paid ₹216,522/- as professional fees to M/s. Udawadia & Udeshi (Regd.), a legal firm, of which Mr. D E Udawadia is a founder partner. The Company also made a payment of ₹458,000/- as professional fees to Pravin P Shah & Associates, a sole proprietorship firm of

which Dr. Pravin P Shah is the sole proprietor and ₹1,965,500/- to M/s. Pravin P Shah and Company, a partnership firm in which Dr. Shah is a partner. Other than the above, no payments have been made to the Non executive Directors by the Company.

5. SUBSIDIARY COMPANIES

The Company has the following subsidiary companies (both direct & indirect)

- JM Financial Consultants Private Limited (*being renamed as JM Financial Institutional Securities Private Limited*)
- JM Financial Products Limited
- JM Financial Services Private Limited
- JM Financial Asset Management Private Limited
- JM Financial Commtrade Limited
- Infinite India Investment Management Private Limited
- JM Financial Investment Managers Limited
- JM Financial Insurance Broking Private Limited
- JM Financial GILTS Limited
- CR Retail Malls (India) Limited
- JM Financial Overseas Holdings Private Limited
- JM Financial International Private Limited
- JM Financial Singapore Pte. Limited

Out of the aforesaid subsidiary companies, the following are material non-listed Indian subsidiaries of the Company. In accordance with the provisions of the Listing Agreement, following Independent Directors

of the Company are also Independent Director on the boards of the material non listed Indian subsidiaries as on March 31, 2012:

Name of the Subsidiary Company	Name of the Independent Director
JM Financial Consultants Private Limited (being renamed as JM Financial Institutional Securities Private Limited)	Dr. Pravin P Shah Mr. D E Udhwadia (upto January 30, 2012) Mr. Paul Zuckerman (appointed on May 18, 2012 subject to approval of stock exchanges)
JM Financial Products Limited	Mr. E A Kshirsagar Mr. D E Udhwadia (w.e.f May 14, 2012)
JM Financial Services Private Limited	Dr. Pravin P Shah

The minutes of the board meetings of all the unlisted Indian subsidiary companies are placed at the Board meetings of the Company. The management also periodically brings to the attention of the Board of

Directors, a statement of all significant transactions and arrangements entered into by all the unlisted subsidiary companies.

6. GENERAL BODY MEETINGS

All the resolutions moved at the last Annual General Meeting (AGM) were passed by show of hands with requisite majority of Members attending the meeting.

The following Special Resolutions were passed at the last three AGMs:

Date of AGM	Venue	Time	Whether Special Resolution was passed	Summary
September 10, 2009	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road, Churchgate, Mumbai – 400 020	3.30 p.m.	No	No Special Resolution was passed.
July 28, 2010	Y.B. Chavan Centre Gen. J.B. Marg, Next to Sachivalaya Gymkhana, Nariman Point, Mumbai 400 021	3.30 p.m.	Yes	Alteration of the Articles of Association of the Company for insertion of new article relating to buy back of shares
July 28, 2011	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road, Churchgate, Mumbai – 400 020	4.00 p.m.	Yes	Re-appointment of Mr. Nimesh Kampani as the Managing Director of the Company for the period of 1 (one) year.

No Extraordinary General Meeting was held during the year. No Special Resolution has been passed through postal ballot during the financial year 2011-12. None of the businesses proposed to be transacted at the ensuing AGM require passing a special resolution through Postal Ballot.

7. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2011-12, as per the requirements of

Listing Agreement, is given in a separate section forming part of the Annual Report.

8. MEANS OF COMMUNICATION

Website

The primary source of information to the shareholders, customers, analysts and other stakeholders of your Company and to public at large is through the website of the Company www.jmfl.com. The information disseminated through the website inter alia, include the Quarterly/Half Yearly/Annual Results, Shareholding Pattern, Corporate Governance Report, press releases, etc.

Quarterly Results

Quarterly Results of the Company are generally published in 'Business Standard' and 'Sakal' and are displayed on the Company's website www.jmfl.com.

Annual Report

The Annual Report which includes the audited annual financial statements, Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Shareholders' Information, and Auditors' Report is sent to all the shareholders of the Company prior to the AGM. It is displayed on Company's website www.jmfl.com.

Reminder to Investors

Individual reminders are sent each year to those shareholders whose dividends have remained unclaimed, before transferring the amount thereof to the Investors' Education & Protection Fund (IEPF).

Corporate Filing and Dissemination System (CFDS)

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

Designated Exclusive email-id

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

Price Sensitive information

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

9. MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements as stipulated in Clause 49 of the

Listing Agreement.

10. NON-MANDATORY REQUIREMENTS

The Board has taken cognizance of the non-mandatory requirements as stipulated in Clause 49 of

the Listing Agreement and shall consider adopting the same at an appropriate time.

11. DISCLOSURES

a) Related Party Transactions

The Company has not entered into any transactions of material nature with its promoters, directors, management and their relatives. The disclosure with respect to the related party transactions is set out in the Notes to Accounts. None of these transactions are likely to have a potential conflict with the interest of the Company and are being carried out on arm's length basis at fair market value. 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 notified in the Companies (Accounting Standards) Rules, 2006 (as amended), as applicable.

c) Disclosures on Risk Management

The Company has laid down procedures for risk management, assessment and its minimisation. The risk management team periodically places before the Board an update on the risk management.

d) Reconciliation of Share Capital Audit Report

In line with the requirements stipulated by SEBI, Reconciliation of Share Capital 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 National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (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/strictures were imposed on your Company by Stock Exchanges or the Securities and Exchange Board of India or any statutory authority for non-compliances during the current year.

f) Code of Conduct for prevention of Insider Trading

The Company has framed its own Code of Conduct for prevention of Insider Trading for monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance and monitoring of trades in the Company's securities. The Company has appointed the Company Secretary as the compliance officer to ensure compliance of the said Code by the Directors, senior management personnel and employees likely to have access to price sensitive information.

GENERAL SHAREHOLDERS' INFORMATION

This section, *inter alia*, provides information to the shareholders pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and other information as required under the Listing Agreement.

Twenty Seventh Annual General Meeting (AGM):

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Monday, August 13, 2012	4.00 p.m.	Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020

Financial Calendar (FY 2012-13) (Provisional / Subject to change):

Particulars	Period
Financial Year	April 1, 2012 to March 31, 2013
For consideration of Unaudited/ Audited Financial Results	
First quarter ending June 30, 2012	Before August 15, 2012
Second quarter and half year ending September 30, 2012	Before November 15, 2012
Third quarter and nine months ending December 31, 2012	Before February 15, 2013
Fourth quarter and annual year ending March 31, 2013	Before May 30, 2013
AGM	July/August 2013

Book Closure:

The Register of Members of the Company will remain closed from Monday, August 6, 2012 to Monday, August 13, 2012 (both days inclusive).

Dividend Payment Date:

The dividend, if declared at the AGM, will be remitted/dispatched on and from August 16, 2012.

Dividend history for the last five years:

Year	Date of declaration	Date of payment	Face value per share ₹	Total amount paid ₹ in Crore	Dividend per share (₹)
2010-11	July 28, 2011	July 30, 2011	1.00	44.99	0.60
2009-10	July 28, 2010	August 2, 2010	1.00	37.49	0.50
2008-09	September 10, 2009	September 12, 2009	1.00	14.99	0.20
2007-08	July 25, 2008	July 29, 2008	10.00	75.00	25.00*
2006-07	September 6, 2007	September 7, 2007	10.00	15.00	5.00

*Includes special dividend of ₹20/- per share.

Registrars and Share Transfer Agents:

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

Registered Office:

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

Investor Relation Office:

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

Contact Person:

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

Contact Person:

Mr. Joseph Miranda
Tel. No. 91 22 6772 0700

Counter Timings:

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

Counter Timings:

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

Share Transfer System:

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of documents, provided the documents are valid and complete in all respects. Allotment and Share Transfer Committee of the Board meets at regular intervals to consider and approve the share transfers received in physical mode. The minutes of meeting of the Committee are placed before the Board of Directors at its meetings for noting.

Half Yearly Audit of Share Transfer:

As required under Clause 47(c) of the listing agreement entered into by the Company and the Stock Exchanges, a certificate is obtained every six months from a Practicing Company Secretary, namely, Naren Shroff & Associates, confirming that the request for transfer, transmission, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been effected within one month of their date of lodgment subject to all the documents being in order. The certificate thus received from the Practicing Company Secretary is forwarded to BSE and NSE, within the stipulated time period.

Listing on Stock Exchanges along with the Security Code/Symbol:

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

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

Listing fees to Stock Exchanges:

Annual Listing Fees for the financial year 2012-13 have been paid by the Company to BSE and NSE.

Market price data:

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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
April 2011	24.25	34.00	23.70	28.60	25,258,276
May 2011	28.90	29.10	23.65	25.10	8,092,107
June 2011	25.45	26.40	21.30	22.80	5,563,204
July 2011	23.15	24.60	21.40	21.70	5,471,044
August 2011	21.70	23.50	16.90	18.00	5,604,051
September 2011	18.10	19.40	16.55	16.70	2,469,584
October 2011	16.70	19.50	15.30	19.00	2,501,937
November 2011	19.00	19.50	14.60	15.25	2,667,686
December 2011	16.00	16.25	11.55	11.90	5,729,796
January 2012	12.80	15.74	11.58	14.87	13,948,680
February 2012	15.00	19.50	14.90	18.35	12,965,988
March 2012	18.50	19.00	13.60	15.65	6,508,513

Source: www.bseindia.com

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



Source: www.bseindia.com

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

Month	Open ₹	High ₹	Low ₹	Close ₹	No. of shares traded
April 2011	24.05	33.95	23.70	28.60	45,330,402
May 2011	28.90	29.15	23.55	25.15	14,766,679
June 2011	25.30	26.40	21.40	22.90	11,596,157
July 2011	23.00	24.60	21.45	21.80	11,432,856
August 2011	21.95	23.45	16.90	18.00	11,386,402
September 2011	18.35	19.35	16.50	16.60	4,475,467
October 2011	16.50	19.50	15.10	18.95	5,163,044
November 2011	18.85	19.50	14.65	15.25	5,258,193
December 2011	16.10	16.10	11.60	11.90	7,971,013
January 2012	11.90	15.75	11.50	14.85	21,994,103
February 2012	14.90	19.90	14.90	18.30	22,189,872
March 2012	18.15	18.50	12.25	15.60	12,016,919

Source: www.nseindia.com

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

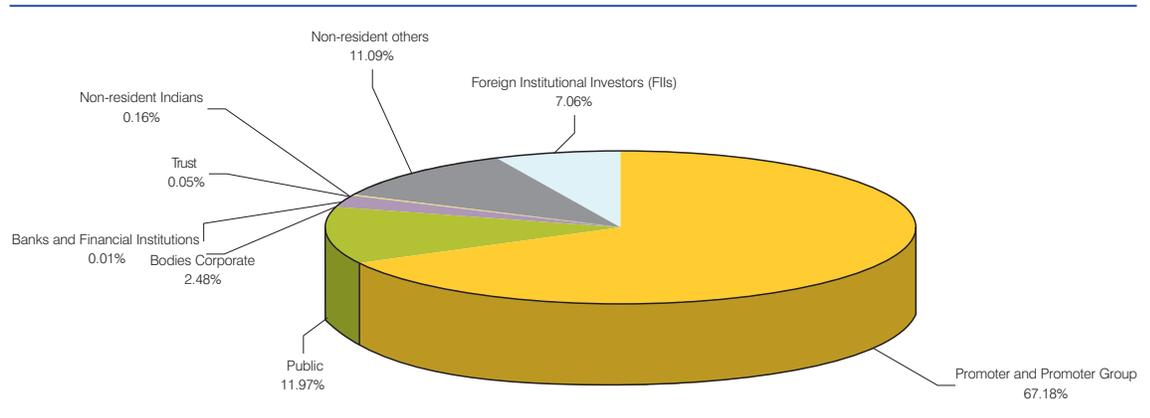


Source: www.nseindia.com

Categories of Shareholders as on March 31, 2012

Category	No. of shares	% to total paid-up equity share capital
Shareholding of Promoter and Promoter Group		
Promoter	203,406,600	27.13
Person having control over the Company	135,357,500	18.05
Promoter Group and Persons acting in concert	164,979,355	22.00
Total (A)	503,743,455	67.18
Public Shareholding		
Individuals	89,710,844	11.97
Banks and Financial Institutions	87,365	0.01
Bodies Corporate	18,615,930	2.48
Trusts	404,450	0.05
Foreign Holding		
Non-resident Indians	1,211,539	0.16
Non-resident (others)	83,166,675	11.09
Foreign Institutional Investors (FIIs)	52,929,242	7.06
Total (B)	246,126,045	32.82
Total (A + B)	749,869,500	100.00

Categories of Shareholders as on March 31, 2012



Distribution of Shareholding as on March 31, 2012

Number of shares held	Shareholders		Shares	
	Number	% to total	Number	% to total
1 - 5,000	47,831	95.67	33,025,206	4.40
5,001 - 10,000	1059	2.12	8,518,823	1.14
10,001 - 20,000	538	1.08	7,997,702	1.07
20,001 - 30,000	217	0.43	5,524,707	0.74
30,001 - 40,000	78	0.16	2,778,846	0.37
40,001 - 50,000	60	0.12	2,769,106	0.37
50,001 - 100,000	86	0.17	6,335,832	0.84
100,001 and above	124	0.25	682,919,278	91.07
	49,993	100.00	749,869,500	100.00

List of the Top 10 Shareholders of the Company (Excluding Promoter Group) as on March 31, 2012

Name of the Shareholder	No. of shares	Percentage (%)
Blue Ridge Group*	83,166,675	11.09
Azim Hasham Premji	21,875,000	2.92
Valiant Group#	20,993,938	2.80
Swiss Finance Corporation (Mauritius) Limited	19,849,174	2.65
Tiger Global Mauritius Fund	3,900,000	0.52
Deutsche Securities Mauritius Limited	1,859,057	0.25
Dimensional Emerging Markets Value Fund	1,776,191	0.24
J. K. Modi	1,383,119	0.18
Vynatheya Bidadi Sheshadri	1,350,000	0.18
Vaibhav R Kacholia	1,072,514	0.14

*comprising of Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership

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

Dematerialisation of Shares and liquidity:

The Company's shares are regularly traded on the BSE and NSE. The dematerialisation facility is available from both the depositories, namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

All requests for dematerialisation of shares are processed and confirmed to the depositories, viz., NSDL and CDSL by our Registrars and Share Transfer Agents within a period of 21 days.

Quarterly Share Capital Audit:

In terms of SEBI circular no.D&CC/FITTC/CIR-16 dated December 31, 2002 as amended vide its circular no.CIR/MRD/DP/30/2010 dated September 6, 2010 an audit is conducted on a quarterly basis by a Practicing Company Secretary, namely, Naren Shroff & Associates, for the purpose of, *inter alia*, reconciliation of the total admitted capital of the Company with the Depositories and in the physical mode with the total issued and listed capital of the Company. The Certificates issued in this regard are placed before the Board of Directors at its meeting and forwarded to BSE and NSE where the Company's shares are listed.

No. of Shares held in dematerialised and physical form:

Particulars	Number of Shareholders	Number of Shares	% to total capital issued
Held in dematerialised mode in CDSL	20,527	25,854,573	3.45
Held in dematerialised mode in NSDL	28,149	717,360,022	95.66
Shares held in physical mode	1,317	6,654,905	0.89
Total	49,993	749,869,500	100.00

International Securities Identification Number (ISIN) of the Company: INE780C01023

The shareholders are requested to use this number whenever dealing in the Company's shares in dematerialised form.

Custodial Fees to Depositories:

The Company has paid custodial fees to NSDL and CDSL for the year 2012-13.

Outstanding GDRs/ADRs/warrants or any convertible instruments, conversion and likely impact on equity:

The Company has not issued any of these instruments.

Registered Office of the Company/Correspondence Address:

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

Corporate Identification Number of the Company (CIN): L67120MH1986PLC038784

Website: www.jmfl.com

Plant location: Not applicable

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 (the Company), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion and to the best of our knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an

assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

Khimji Kunverji & Co
Chartered Accountants
Registration No: 105146W

Shivji K Vikamsey

Partner
Membership No. 2242

Place: Mumbai

Date: May 24, 2012

AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

To the Members of JM Financial Limited

1. We have audited the attached Balance Sheet of JM Financial Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss 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 sub-section (4A) of Section 227 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 appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the said books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274 (1)(g) of the Act;
 - vi) Without qualifying our report, attention is drawn to note 2.30 of notes to financial statements regarding provision/payment for Managerial Remuneration in excess of the limits prescribed under the Act by ₹65.15 Lakh relating to financial year 2010-11, for which submission to the Central Government has been made.
 - vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon 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 the affairs of the Company as at March 31, 2012;
 - b) in the case of the Statement of Profit and Loss, 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
Registration No: 105146W

Shivji K. Vikamsey
Partner
Membership No.2242

Place: Mumbai
Date: May 24, 2012

Annexure referred to in paragraph 3 of our report of even date of JM Financial Limited as at March 31, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management at reasonable interval. As informed, no material discrepancies were noticed on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets during the year.
- (ii) The Company does not hold any inventory during the year, hence clause 4(ii) of the Order is not applicable to the Company.
- (iii) The Company has neither taken nor granted loan to parties in register maintained under Section 301 of the Act, hence clause 4(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanation given, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering services. Further, on the basis of examination of the books and records of the Company and according to the information and explanations given, and as per the checking carried out in accordance with the auditing standards generally accepted in India, neither we have observed nor have we been reported for any continuing failure to correct major weaknesses in the internal control system relating to the aforesaid. During the year, the Company has neither purchased any inventory nor sold any goods.
- (v) (a) Based on the audit procedures applied and according to the information and explanations given, the contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under that Section have been so entered.
- (b) According to the information and explanations given to us, where each of such contracts or arrangement is in excess of ₹5 Lakh in respect of any party, the contracts or arrangement have been made at prices which are prima facie, reasonable having regard to the prevailing market prices at the relevant time or the prices at which transactions for similar services have been made with other parties or as per information available with the Company.
- (vi) According to information and explanations given, the Company has not accepted any deposits from the public, hence clause 4(vi) of the Order is not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for the products of the Company.
- (ix) (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Service tax, Cess and other material statutory dues applicable to it. There were no arrears of such statutory dues as at March 31, 2012 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given, there are no outstanding dues of Income tax, Service tax, Wealth Tax, and Cess which have not been deposited on account of any dispute except as mentioned below:

Name of the Statute	Nature of dues	Year to which it pertains	Amount (₹)	Forum where dispute is appealable
Income Tax Act, 1961	Income tax	F.Y. 2008-09	16,629,037/-	Income Tax Appellate Tribunal, Mumbai

- We have been informed that statutory dues like Sales tax, Custom duty and Excise Duty are currently not applicable to the Company.
- (x) The Company neither has any accumulated losses at the end of the financial year nor has incurred any cash loss in the current and immediate preceding financial year.
- (xi) The Company has not borrowed funds from financial institutions, banks or debenture holders, hence clause 4(xi) of the Order is not applicable to the Company.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society, hence clause 4(xiii) of the Order is not applicable to the Company.
- (xiv) According to the information and explanations given and in our opinion, the Company is not dealing or trading in shares, securities, debentures, and other investments, hence clause 4(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given, the Company has not given any guarantee for loans taken by others from bank or financial institution.
- (xvi) According to the information and explanations given to us, the Company has not raised any term loans, hence clause 4(xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given, the Company has not issued any debentures, hence clause 4(xix) of the Order is not applicable to the Company.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried 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
 Registration No: 105146W

Shivji K. Vikamsey
 Partner
 Membership No.2242

Place: Mumbai
 Date: May 24, 2012

STANDALONE BALANCE SHEET

As at March 31, 2012

(₹ in Lakh)

	Note	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	7,498.70	7,497.11
Reserves & surplus	2.2	156,301.73	154,283.06
		163,800.43	161,780.17
Non-current liabilities			
Deferred tax liabilities (net)	2.3	11,031.93	11,035.33
Other long term liabilities	2.4	113.82	105.40
Long term provisions	2.5	46.67	43.39
		11,192.42	11,184.12
Current liabilities			
Trade payables	2.6	73.95	113.38
Other current liabilities	2.7	591.32	671.48
Short term provisions	2.8	4,585.23	4,637.94
		5,250.50	5,422.80
TOTAL		180,243.35	178,387.09
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.9 A	181.29	186.15
Intangible assets	2.9 B	46.74	29.25
Capital work in progress	2.9 C	2.86	–
Non-current investments	2.10	150,736.62	150,796.22
Long term loans and advances	2.11	15,189.09	15,026.24
Other non-current assets	2.12	758.45	–
		166,915.05	166,037.86
Current assets			
Cash and bank balances	2.13	12,345.68	11,521.99
Short term loans and advances	2.14	52.74	89.19
Other current assets	2.15	929.88	738.05
		13,328.30	12,349.23
TOTAL		180,243.35	178,387.09
Significant accounting policies & notes to financial statements 1 & 2			

As per our attached report of even date

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

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 24, 2012

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2012

(₹ in Lakh)

	Note	For the year ended 31.03.2012	For the year ended 31.03.2011
Income:			
Revenue from operations	2.16	1,380.00	2,760.00
Other income	2.17	4,950.74	1,651.67
Total Revenue		6,330.74	4,411.67
Expenses:			
Employee benefits expense	2.18	1,140.34	1,421.59
Finance costs	2.19	5.19	2.50
Depreciation and amortisation expenses	2.9	53.70	61.74
Other expenses	2.20	569.78	898.92
Total Expenses		1,769.01	2,384.75
Profit before exceptional item		4,561.73	2,026.92
Less: Reversal of interest on income tax refund		–	(1,053.35)
Profit before tax		4,561.73	973.57
Tax Expense:			
Current tax		315.00	200.00
Deferred tax		(3.39)	(231.13)
Tax adjustment of earlier years (net)		–	0.44
		311.61	(30.69)
Profit for the year		4,250.12	1,004.26
Earnings per equity share (face value of ₹1/- each)			
	2.24		
Basic EPS (in ₹)		0.57	0.13
Diluted EPS (in ₹)		0.56	0.13
Significant accounting policies & notes to financial statements	1 & 2		

As per our attached report of even date

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

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and are in compliance with the applicable Accounting Standards notified in the Companies (Accounting Standard) Rules, 2006 (as amended) 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.

1.2 Use of estimates

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

1.3 Revenue recognition

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

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

Interest income is recognised on accrual basis.

1.4 Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on rates as per management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher, as per the following table:

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

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

Owned intangible assets

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

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

Leased assets

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

1.5 Impairment of assets

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

1.6 Investments

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

1.7 Employee benefits

Defined contribution plan

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

Defined benefit plan

The Company's 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 as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

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

1.8 Taxation

Tax expense comprises current tax and deferred tax.

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

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

1.9 Operating leases

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

1.10 Employee stock option scheme

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

1.11 Foreign currency transactions

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

1.12 Provisions, contingent liabilities and contingent assets

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

2. Notes to financial statements

2.1 SHARE CAPITAL

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Authorised: 1,000,000,000 (1,000,000,000) equity shares of ₹1/- each	10,000.00	10,000.00
Issued and Subscribed Capital: 749,869,500 (749,869,500) equity shares of ₹1/- each		
Paid up Capital: 749,869,500 (749,782,500) equity shares of ₹1/- each fully paid-up	7,498.70	7,497.83
Less: Equity shares held under abeyance	–	1.15
Add: 87,000 Forfeited shares (amount originally paid up)	–	0.43
TOTAL	7,498.70	7,497.11

Note a:

Reconciliation of the number of equity shares outstanding

	As at 31.03.2012		As at 31.03.2011	
	Number	Amount (In Lakh)	Number	Amount (In Lakh)
Shares outstanding at the beginning of the year	749,782,500	7,497.83	749,782,500	7,497.83
Shares issued during the year (re-issue of forfeited shares)	87,000	0.87	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	749,869,500	7,498.70	749,782,500	7,497.83

Note b:

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

Note c:

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

Name of Shareholders	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	27.13%	203,406,600	27.13%
Nimesh Kampani*	135,357,500	18.05%	135,357,500	18.05%
J. M. Assets Management Private Limited	89,851,959	11.98%	89,851,959	11.98%
Blue Ridge Limited Partnership	51,563,350	6.88%	51,563,350	6.88%
Aruna Nimesh Kampani	38,451,250	5.13%	38,451,250	5.13%

* includes 1,250,000 equity shares held by Nimesh Kampani HUF

Note d:

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

	As at 31.03.2012	As at 31.03.2011
Fully paid up by way of bonus shares	449,869,500	449,869,500

Note e:

During the year, the Company has re-issued 87,000 shares of the face value of ₹1/- each, which were earlier forfeited due to non-payment of calls.

2.2 RESERVES & SURPLUS

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Capital reserve		
Opening balance	–	–
Add: Transferred during the year on re-issue of forfeited shares	0.44	–
Closing balance	0.44	–
Securities premium account		
Opening balance	26,108.72	26,108.72
Add: Securities premium credited	101.19	–
Closing balance	26,209.91	26,108.72
General reserve		
Opening balance	16,450.00	16,300.00
Add: Transferred during the year	550.00	150.00
Closing balance	17,000.00	16,450.00
Employees stock option outstanding	2,214.84	–
Surplus in statement of profit and loss:		
Opening balance	111,724.34	115,474.58
Add: Profit for the year	4,250.12	1,004.26
Amount available for appropriation	115,974.46	116,478.84
Less: Appropriations		
Proposed dividend	4,504.24	4,499.22
Dividend distribution tax	43.68	105.28
Transfer to general reserve	550.00	150.00
	5,097.92	4,754.50
Closing balance	110,876.54	111,724.34
TOTAL	156,301.73	154,283.06

2.3 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Deferred tax liabilities:		
Depreciation	22.05	24.28
Investments	11,018.61	11,018.61
	11,040.66	11,042.89
Deferred tax assets:		
Expenditure	8.73	7.56
	8.73	7.56
TOTAL	11,031.93	11,035.33

2.4 OTHER LONG TERM LIABILITIES

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Property deposits (refundable on 31st March 2014)	100.00	100.00
Long term maturities of finance lease obligations (secured by way of hypothecation of vehicles. The lease is repayable on a monthly basis over a period of 36 months) (refer note 2.25)	13.82	5.40
TOTAL	113.82	105.40

2.5 LONG TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
For employee benefits – gratuity [refer note 2.26 A (a)]	43.42	43.39
For others	3.25	–
TOTAL	46.67	43.39

2.6 TRADE PAYABLES

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Micro, small and medium enterprises (refer note 2.23)	–	–
Other than micro, small & medium enterprises	73.95	113.38
TOTAL	73.95	113.38

2.7 OTHER CURRENT LIABILITIES

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles) (refer note 2.25)	9.12	3.35
Unclaimed dividend	77.98	63.56
Employee benefits payable	425.86	566.82
Statutory dues	31.36	30.80
Other short term liabilities	47.00	6.95
TOTAL	591.32	671.48

2.8 SHORT TERM PROVISIONS

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
For employee benefits:		
Gratuity [refer note 2.26 A (a)]	12.29	12.56
Compensated absences [refer note 2.26 A (b)]	25.02	20.88
For proposed dividend	4,504.24	4,499.22
For dividend distribution tax	43.68	105.28
TOTAL	4,585.23	4,637.94

2.9 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)			Depreciation / Amortisation				Net block	
	As at 31.03.2011	Additions for the year	Deductions for the year	As at 31.03.2012	As at 31.03.2011	Additions for the year	Deductions for the year	As at 31.03.2012	As at 31.03.2011
A) TANGIBLE ASSETS									
Owned assets:									
Office premises	108.50	-	-	108.50	33.17	1.78	-	34.95	75.33
Furniture and fixtures	39.86	0.16	-	40.02	13.79	5.09	-	18.88	26.07
Office equipments	10.97	0.26	-	11.23	4.67	2.27	-	6.94	6.30
Computers	42.10	15.47	1.06	56.51	15.39	9.53	0.71	24.21	26.71
Leasehold improvements	32.96	-	-	32.96	18.48	4.86	-	23.34	14.48
Motor vehicle	46.43	-	-	46.43	18.57	9.29	-	27.86	27.86
Leased assets:									
Motor vehicles (refer note below)	22.13	20.16	-	42.29	12.73	7.74	-	20.47	9.40
TOTAL (A)	302.95	36.05	1.06	337.94	116.80	40.56	0.71	156.65	186.15
B) INTANGIBLE ASSETS									
Software	53.06	30.63	-	83.69	23.81	13.14	-	36.95	29.25
TOTAL (B)	53.06	30.63	-	83.69	23.81	13.14	-	36.95	29.25
C) CAPITAL WORK IN PROGRESS									
TOTAL (A+B+C)	356.01	66.68	1.06	421.63	140.61	53.70	0.71	193.60	215.40
Previous year	400.58	38.40	82.97	356.01	127.68	61.74	48.81	140.61	215.40

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

2.10 NON-CURRENT INVESTMENTS

(₹ in Lakh)

	As at 31.03.2012		As at 31.03.2011	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
Unquoted				
(a) Investment in equity shares of ₹10/- each				
In subsidiaries:				
1 JM Financial Consultants Private Limited (refer note i)	28,000,000	36,608.24	28,000,000	36,608.24
2 JM Financial Investment Managers Limited	1,800,000	9,316.17	1,800,000	9,316.17
3 JM Financial Ventures Limited	–	–	8,800,000	30,230.00
4 JM Financial Products Limited	490,050,000	50,941.33	490,050,000	50,941.33
5 JM Financial Asset Management Private Limited	31,462,500	13,138.49	31,462,500	13,138.49
6 Infinite India Investment Management Private Limited	1,600,000	238.00	1,600,000	238.00
In associate companies:				
7 JM Financial Asset Reconstruction Company Private Limited	102,900,000	10,290.00	102,900,000	10,290.00
8 Financial Engineering Solutions Private Limited [net of provision for diminution of ₹Nil (previous year ₹210 Lakh)]	–	–	2,400,000	30.00
9 JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
(b) Investment in preference shares of ₹10/- each				
In a subsidiary:				
10 JM Financial Consultants Private Limited (refer note i & ii) (10% Participating non-cumulative redeemable preference shares)	8,389,000	30,200.40	–	–
Total (I)		150,735.13		150,794.73
II OTHER INVESTMENTS				
Investments in Mutual Funds				
11 JM Equity Fund (refer note iii & iv)	16,072	1.49	16,072	1.49
Total (II)		1.49		1.49
Grand Total (I + II)		150,736.62		150,796.22

Notes:

- Being renamed as JM Financial Institutional Securities Private Limited.
- Redeemable at the option of the issuer at any time but not later than 10 years from the date of allotment (i.e. January 11, 2012).
- Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/transferred.
- Net asset value of the mutual fund units as on March 31, 2012 is ₹2.14 Lakh (previous year ₹2.42 Lakh) against book value of ₹1.49 Lakh (previous year ₹1.49 Lakh).

2.11 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Capital advances	36.90	36.90
Security Deposits*	429.02	429.00
Staff loans	102.23	100.00
Advance tax (net of provisions)	14,608.16	14,458.75
Prepaid expenses	12.78	1.59
TOTAL	15,189.09	15,026.24

* Includes ₹150 Lakh receivable from a related party.

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

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Receivable from subsidiaries	758.45	–
TOTAL	758.45	–

2.13 CASH AND BANK BALANCES

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Cash and cash equivalents		
Cash on hand	0.45	0.27
Balances with banks:		
In current accounts	146.88	118.04
In deposit accounts (less than 3 months maturity)	11,298.35	8,278.68
	11,445.68	8,396.99
Other bank balances - in deposit accounts	900.00	3,125.00
TOTAL	12,345.68	11,521.99

Earmarked balances with banks for unclaimed dividend included in balances with banks in current accounts under "Cash and cash equivalents"	70.80	55.48
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2.14 SHORT TERM LOANS AND ADVANCES
(Unsecured, considered good)

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Staff loans	1.27	51.52
Advances recoverable in cash or in kind or for value to be received	24.77	13.98
Prepaid expenses	26.70	23.69
TOTAL	52.74	89.19

2.15 OTHER CURRENT ASSETS

(₹ in Lakh)

	As at 31.03.2012	As at 31.03.2011
Interest accrued but not due	141.64	509.32
Receivable from subsidiaries	788.24	222.14
Dividend receivable	–	6.59
TOTAL	929.88	738.05

2.16 REVENUE FROM OPERATIONS

(₹ in Lakh)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Group support service fees	1,380.00	2,760.00
TOTAL	1,380.00	2,760.00

2.17 OTHER INCOME

(₹ in Lakh)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Dividend:		
Dividend from subsidiaries	3,850.25	143.78
Dividend on non-current investments	–	37.28
	3,850.25	181.06
Profit on sale of investments	–	638.49
Interest income	1,029.21	772.99
Lease rent	19.91	19.57
Miscellaneous income	51.37	39.56
TOTAL	4,950.74	1,651.67

2.18 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakh)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries, bonus and allowances	1,090.85	1,327.22
Contribution to provident fund and other funds	39.16	47.65
Gratuity	4.97	36.02
Staff welfare	5.36	10.70
TOTAL	1,140.34	1,421.59

2.19 FINANCE COSTS

(₹ in Lakh)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Finance charges on leased assets	4.04	2.21
Others	1.15	0.29
TOTAL	5.19	2.50

2.20 OTHER EXPENSES

(₹ in Lakh)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Rent	99.30	317.87
Legal and professional fees	97.00	80.34
Membership and subscription	8.96	5.86
Rates and taxes	3.12	8.50
Communication expenses	9.08	9.21
Repairs and maintenance	90.64	63.64
Travelling and conveyance expenses	20.29	21.69
Electricity expenses	2.68	3.11
Printing and stationery expenses	20.72	36.87
Advertisement expenses	4.73	205.99
Donation	35.00	30.00
Insurance expenses	24.05	21.97
Auditors' remuneration (refer note 2.27)	16.02	13.95
Directors' commission	47.00	–
Entertainment expenses	11.87	7.56
Festival celebration expenses	16.25	15.69
Miscellaneous expenses	63.07	56.67
TOTAL	569.78	898.92

2.21 Contingent Liability

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹636.23 Lakh (previous year ₹29,453.34 Lakh). During the previous year, the additional tax liability, net of relevant deferred tax liability, arrived at ₹29,093.22 Lakh, was mainly due to the treatment of long term capital gains on sale of equity shares on termination of joint venture with Morgan Stanley as “Business Income” and not “Capital Gains” along with other ground, pursuant to the assessment of Assessment Year 2008-09. The same has been set aside and restored to the Assessing Officer for fresh adjudication by the Income Tax Appellate Tribunal, Mumbai.

Capital Commitments

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

2.22 Employee stock option scheme

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

During the financial year, the Compensation Committee of the Board has granted stock options under Series 4, to the Employees that vests in a graded manner, which are to be exercised within a specified period. The Company has granted 7,500,000 options at an exercise price of ₹1/- per option to the employees.

The details of outstanding options are as under:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Options outstanding at the beginning of the year	14,887,500	12,637,500
Add: Options granted during the year	7,500,000	3,750,000
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited/cancelled during the year	Nil	Nil
Less: Options lapsed during the year	238,227	1,500,000
Outstanding at the end of the year	22,149,273	14,887,500
Exercisable at the end of the year	3,712,500	Nil

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

The estimated fair value of each stock option granted under the Scheme is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs were the share price at respective grant date, exercise price of ₹1/-, volatility of 60.98% to 62.62%, dividend yield of 1.24%, expected term of options in the range of 4 years to 5 years, and a risk-free interest rate of 8.04% to 8.05%.

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

% of Options to be vested	No. of Options		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	25,00,000	12,50,000	April 21, 2012	April 21, 2013	29.16	18.17
33.33%	25,00,000	12,50,000	April 21, 2013	April 21, 2014	29.00	19.78
33.33%	25,00,000	12,50,000	April 21, 2014	April 21, 2015	28.85	20.84
	75,00,000	37,50,000				

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 ₹ 528.36 Lakh (previous year ₹ 707.65 Lakh) Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been reduced after giving effect to the stock-based employee compensation amounts as under:

	As reported		As adjusted	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Net profit (₹ in lakh)	4,250.12	1,004.26	3,721.76	296.61
Basic earnings per share (in ₹)	0.57	0.13	0.50	0.04
Diluted earnings per share (in ₹)	0.56	0.13	0.49	0.04

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Total
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	
Options granted	11,137,500	1,500,000	3,750,000	7,500,000	23,887,500
Options exercised till March 31, 2012	Nil	Nil	Nil	Nil	Nil
Options forfeited/ cancelled till March 31, 2012	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2012	Nil	1,500,000	Nil	238,227	1,738,227
Outstanding at end of year	11,137,500	Nil	3,750,000	7,261,773	22,149,273
Exercisable at end of year	3,712,500	Nil	Nil	Nil	3,712,500
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	
Pricing formula	₹54.80 (Adjusted for split and bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split and bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split and bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1/- as was determined by the Compensation Committee at its meeting held on April 21, 2011	

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

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

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Profit after tax	4,250.12	1,004.26
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	749,843,115	749,782,500
Basic earnings per share (in ₹)	0.57	0.13
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	752,796,075	749,782,500
Diluted earnings per share (in ₹)	0.56	0.13

2.25 Lease transaction

Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 60 months with an option to prepayments/foreclosure.

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

(₹ in Lakh)

	Total minimum lease payment outstanding as at March 31, 2012	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2012	Total minimum lease payment outstanding as at March 31, 2011	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2011
Not later than 1 year	12.67	3.55	9.12	4.49	1.14	3.35
Later than 1 year but not later than 5 years	15.91	2.09	13.82	6.19	0.79	5.40
Later than 5 years	–	–	–	–	–	–
Total	28.58	5.64	22.94	10.68	1.93	8.75

Operating lease

- The Company had taken two premises under operating lease for the period of 22 months and 42 months respectively. The same were non-cancellable for an initial period of 11 month and 24 months respectively. However, both the operating lease were terminated during the previous year. The amount debited to the statement of profit & loss with respect to the same was ₹8.00 Lakh.
- The Company had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period of not more than 24 months. Lease payment recognised in the statement of profit & loss for the year in respect thereof aggregates to ₹99.30 Lakh (Previous year ₹102.01 Lakh).

2.26 Employee benefits

A Defined benefit plans

a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2012	For the year ended March 31, 2011
Present value of the defined benefit obligation at the year end	55.71	55.95
Fair value of plan assets	–	–
Net liability	55.71	55.95

(₹ in Lakh)

Amount recognised in salary, wages and employee benefits in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2012	For the year ended March 31, 2011
Current service cost	3.78	9.64
Interest on defined benefit obligations	4.30	3.94
Expected return on plan assets	–	–
Net actuarial (gain)/loss recognised during the year	(3.12)	(9.62)
Past service cost	–	28.56
Net gratuity cost	4.96	32.52

(₹ in Lakh)

Actual return on plan assets	For the year ended March 31, 2012	For the year ended March 31, 2011
Expected return on plan assets	–	–
Actuarial gain/(loss) on plan assets	–	–

(₹ in Lakh)

Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening defined benefit obligation	55.95	41.24
Current service cost	3.78	9.64
Interest cost	4.30	3.94
Actuarial (gain)/loss	(3.12)	(9.62)
Past service cost	–	28.56
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	(5.20)	(17.81)
Benefits paid	–	–
Closing defined benefit obligation	55.71	55.95

(₹ in Lakh)

Change in fair value of plan assets	For the year ended March 31, 2012	For the year ended March 31, 2011
Opening fair value of the plan assets	–	–
Expected return on plan assets	–	–
Actuarial (gain)/loss	–	–
Assets acquired on amalgamation	–	–
Contributions by the employer	–	–
Benefits paid	–	–
Closing fair value of the plan assets	–	–

(₹ in Lakh)

Investment details of plan assets	For the year ended March 31, 2012	For the year ended March 31, 2011
Investment	–	–

Principal actuarial assumptions at the balance sheet date	For the year ended March 31, 2012	For the year ended March 31, 2011
Discount rate	8.65%	8.05%
Estimated rate of return on plan assets	–	–
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

Valuation assumptions:

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

b) Compensated absences

As per the Company's policy, provision of ₹25.02 Lakh (previous year ₹20.88 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident fund & other funds' ₹39.16 Lakh (previous year ₹47.65 Lakh).

2.27 Auditors' Remuneration*

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Audit fees	9.00	9.00
Certification	2.45	0.45
Limited review	4.50	4.50
Reimbursement of expenses	0.07	–
Total	16.02	13.95

*Above fees is exclusive of service tax of ₹1.65 Lakh (previous year ₹1.44 Lakh)

2.28 Expenditure/amount spent in foreign currency (on accrual basis)

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Purchase of Investments	–	#
Other expenditure	55.92	35.48
Total	55.92	35.48

Denotes amount below ₹500/-

2.29 Amount remitted in foreign currency on account of dividend

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Dividend amount	35.51	123.89
Number of shareholders	2	2
Number of shares (face value of ₹1/- each)	5,918,144	24,778,023

- 2.30** The Company had made an application to the Central Government for waiver of the excess remuneration of ₹65.15 Lakh paid to the Managing Director for the financial year 2010-11 on June 10, 2011. The Central Government, vide its letter dated April 11, 2012, has rejected the application made by the Company on the ground that the Company has paid the remuneration in excess of the remuneration approved by the Government vide its letter dated July 14, 2011. The Company has represented the matter vide its letter dated April 27, 2012 explaining in detail therein the rationale for the Central Government to reconsider its decision of rejection and accord its approval for the waiver of the excess amount thus paid. The Company is awaiting the response from the Central Government.
- 2.31** a) As the Company is a Core Investment Company, its 'investment activities' is considered as the only segment in the context of AS 17 on "Segment Reporting".
- b) The Company does not have any reportable geographical segment.
- 2.32** Disclosure in respect of related parties is attached as Annexure 'I'
- 2.33** Statement of cash flow is attached as Annexure 'II'
- 2.34** Miscellaneous income includes ₹ Nil (Previous year ₹11.55 Lakh), being the net reversal of provision for diminution in the value of investments.
- 2.35** The financial statements are prepared in accordance with Revised Schedule VI to the Act. Figures of the previous year have been regrouped / reclassified / rearranged wherever necessary to correspond with those of the current year's classification / disclosure.

Annexure 'I' to note 2.32 of notes to financial statements

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

A. List of related parties

I) Parties where control exists:

Subsidiaries

- JM Financial Consultants Private Limited (IBD)
- JM Financial Institutional Securities Private Limited (IED)
- JM Financial Investment Managers Limited (Investment Managers)
- JM Financial Ventures Limited (SSF)
- JM Financial Services Private Limited (Financial Services)
- JM Financial Commtrade Limited (Commtrade)
- JM Financial Insurance Broking Private Limited (Insurance Broking)
- JM Financial Products Limited (NBFC)
- JM Financial Securities Private Limited (FID)
- JM Financial GILTS Limited (GILTS)
- JM Financial Asset Management Private Limited (AMC)
- JM Financial Overseas Holdings Private Limited (Overseas)
- JM Financial International Private Limited (JMFI) (from October 6, 2011)
- JM Financial Singapore Pte. Ltd. (JMFS) (from October 14, 2011)
- Infinite India Investment Management Private Limited (Infinite)
- Oracle Enterprises Private Limited (Oracle)
- Latitude Mercantile Private Limited (Latitude) (from January 10, 2012)
- Ardour Trading Private Limited (Ardour) (from January 27, 2012)
- Saptarishi Sales & Trading Private Limited (Saptarishi) (from January 27, 2012)
- Persepolis Investments Limited (PIL) (up to August 4, 2011)
- Persepolis PIPE Investments Limited (PPIL) (up to August 4, 2011)

Partnership Firm

- Stellar Investments (Stellar)

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

a) Associates

- JM Financial Asset Reconstruction Company Private Limited (ARC)
- JM Financial Trustee Company Private Limited (Trustee)
- Financial Engineering Solutions Private Limited (FES) (up to June 29, 2011)

b) Key management personnel

- Mr. Nimesh Kampani (NNK)

c) Relative of key management personnel

- Mr. Ashith Kampani (ASNK)

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

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

J. M. Assets Management Private Limited (J.M. Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

FICS Consultancy Services Limited (FICS)

Kampani Properties and Holdings Limited (KPHL)

Financial Engineering Solutions Private Limited (FES) (from June 30, 2011)

- B. I)** No amounts in respect of related parties have been written off/back during the year.
- II)** During the year, the amount provided for diminution in the value of investments in respect of one of the related parties is ₹ Nil (Previous year ₹60.00 Lakh). As on the balance sheet date, the provision in respect thereof is ₹ Nil (previous year ₹210.00 Lakh).
- III)** Related party relationships have been identified by the management and relied upon by the auditors.

Annexure 'I' to note 2.32 of notes to financial statements

Related Party Disclosures:

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Investments made in (refer note 2.10 of non-current investments)	30,200.40	-	-	-	-	-	-	-	-	-	30,200.40	-
Investments redeemed (refer note 2.10 of non-current investments)	-	1,487.50	-	-	-	-	-	-	-	-	-	1,487.50
Investments Sold/ Transferred to												
IBD	30,230.00	3,531.72	-	-	-	-	-	-	-	-	30,230.00	3,531.72
PICPL	-	-	-	-	-	-	20.00	-	-	-	20.00	-
SNK	-	-	-	-	-	-	10.00	-	-	-	10.00	-
Distribution on winding up of												
JM Financial Holdings (Mauritius) Limited	-	0.13	-	-	-	-	-	-	-	-	-	0.13
Purchase of fixed assets from												
IBD	-	2.37	-	-	-	-	-	-	-	-	-	2.37
Sale of fixed assets to												
IBD	-	0.38	-	-	-	-	-	-	-	-	-	0.38
IED	-	0.26	-	-	-	-	-	-	-	-	-	0.26
Financial Services	-	28.47	-	-	-	-	-	-	-	-	-	28.47
NBFC	-	1.66	-	-	-	-	-	-	-	-	-	1.66
FID	-	0.35	-	-	-	-	-	-	-	-	-	0.35
Employee related transfers from												
IBD	-	12.06	-	-	-	-	-	-	-	-	-	12.06
Financial Services	-	1.82	-	-	-	-	-	-	-	-	-	1.82
NBFC	-	2.70	-	-	-	-	-	-	-	-	-	2.70

Note:- (i) * Subsidiaries include a partnership firm namely Stellar Investments
(ii) # Denotes amount below ₹500/-

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Employee related transfers to												
IBD	5.20	16.05	-	-	-	-	-	-	-	-	5.20	16.05
Financial Services	-	31.85	-	-	-	-	-	-	-	-	-	31.85
NBFC	-	0.22	-	-	-	-	-	-	-	-	-	0.22
Dividend received from												
IBD	1,400.00	143.78	-	-	-	-	-	-	-	-	1,400.00	143.78
NBFC	2,450.25	-	-	-	-	-	-	-	-	-	2,450.25	-
Dividend paid to												
JMFICS	-	-	-	-	-	-	-	-	1,220.44	1,017.03	1,220.44	1,017.03
J.M.Assets	-	-	-	-	-	-	-	-	539.11	449.01	539.11	449.01
JSB	-	-	-	-	-	-	-	-	29.13	24.28	29.13	24.28
KCL	-	-	-	-	-	-	-	-	4.11	0.93	4.11	0.93
SNK	-	-	-	-	-	-	-	-	56.16	42.55	56.16	42.55
NNK	-	-	-	-	-	812.15	676.79	-	-	-	812.15	676.79
ASNK	-	-	-	-	-	-	-	#	-	-	#	#
Trustee	-	-	9.00	-	-	-	-	-	-	-	9.00	-
PICPL	-	-	-	-	-	-	-	-	3.60	-	3.60	-
Group support fees received from												
IBD	180.00	300.00	-	-	-	-	-	-	-	-	180.00	300.00
IED	180.00	300.00	-	-	-	-	-	-	-	-	180.00	300.00
Investment Managers	120.00	300.00	-	-	-	-	-	-	-	-	120.00	300.00
SSF	30.00	180.00	-	-	-	-	-	-	-	-	30.00	180.00
Financial Services	120.00	300.00	-	-	-	-	-	-	-	-	120.00	300.00
NBFC	300.00	600.00	-	-	-	-	-	-	-	-	300.00	600.00
Infinite	120.00	180.00	-	-	-	-	-	-	-	-	120.00	180.00
ARC	-	-	180.00	300.00	-	-	-	-	-	-	180.00	300.00
AMC	120.00	300.00	-	-	-	-	-	-	-	-	120.00	300.00
Stellar	30.00	-	-	-	-	-	-	-	-	-	30.00	-

Note:- (i) * Subsidiaries include a partnership firm namely Stellar Investments
(ii) # Denotes amount below ₹500/-

(₹ in Lakh)

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Rent received from												
Financial Services	19.91	19.57	-	-	-	-	-	-	-	-	19.91	19.57
Rent paid to												
IBD	-	180.00	-	-	-	-	-	-	-	-	-	180.00
IED	-	27.12	-	-	-	-	-	-	-	-	-	27.12
Financial Services	-	0.38	-	-	-	-	-	-	-	-	-	0.38
JMFICS	-	-	-	-	-	-	-	-	61.74	58.81	61.74	58.81
KPHL	-	-	-	-	-	-	-	-	4.56	4.56	4.56	4.56
FICS	-	-	-	-	-	-	-	-	-	5.64	-	5.64
Interest paid to												
NBFC	-	1.23	-	-	-	-	-	-	-	-	-	1.23
Brokerage paid to												
Financial Services	0.11	2.95	-	-	-	-	-	-	-	-	0.11	2.95
Remuneration paid to												
NNK	-	-	-	-	113.48	116.75	-	-	-	-	113.48	116.75
Board Meeting Fees paid to												
ASNK	-	-	-	-	-	-	1.20	1.20	-	-	1.20	1.20
Audit Committee Sitting Fees paid to												
ASNK	-	-	-	-	-	-	0.80	0.60	-	-	0.80	0.60
Conveyance paid to												
ASNK	-	-	-	-	-	-	0.05	0.06	-	-	0.05	0.06
Commission Paid to												
ASNK	-	-	-	-	-	-	5.00	-	-	-	5.00	-
Expenses reimbursed to												
IBD	6.39	11.31	-	-	-	-	-	-	-	-	6.39	11.31
Financial Services	11.07	0.27	-	-	-	-	-	-	-	-	11.07	0.27
AMC	5.28	0.03	-	-	-	-	-	-	-	-	5.28	0.03
JMFICS	-	-	-	-	-	-	-	-	2.59	2.18	2.59	2.18
FICS	-	-	-	-	-	-	-	-	-	0.05	-	0.05

Note:- (i) * Subsidiaries include a partnership firm namely Stellar Investments
(ii) # Denotes amount below ₹500/-

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Expenses recovered from												
IBD	46.60	28.64	-	-	-	-	-	-	-	-	46.60	28.64
IED	10.50	8.33	-	-	-	-	-	-	-	-	10.50	8.33
Financial Services	8.12	6.35	-	-	-	-	-	-	-	-	8.12	6.35
NBFC	-	44.02	-	-	-	-	-	-	-	-	-	44.02
Outstanding Balance												
Investments in	140,442.63	140,472.23	10,292.50	10,322.50	-	-	-	-	-	-	150,735.13	150,794.73
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
Property deposits paid to												
KPHL	-	-	-	-	-	-	-	-	150.00	150.00	150.00	150.00
Receivable from												
IED	-	0.26	-	-	-	-	-	-	-	-	-	0.26
Financial Services	-	221.08	-	-	-	-	-	-	-	-	-	221.08
NBFC	-	0.45	-	-	-	-	-	-	-	-	-	0.45
FID	-	0.35	-	-	-	-	-	-	-	-	-	0.35
Infinite	29.78	-	-	-	-	-	-	-	-	-	29.78	-
Payable to												
IBD	5.51	2.06	-	-	-	-	-	-	-	-	5.51	2.06
Financial Services	5.26	-	-	-	-	-	-	-	-	-	5.26	-
AMC	5.24	0.03	-	-	-	-	-	-	-	-	5.24	0.03
ASNK	-	-	-	-	-	-	5.00	-	-	-	5.00	-
NNK	-	-	-	-	-	36.00	-	-	-	-	-	36.00

Note:- (i) * Subsidiaries include a partnership firm namely Stellar Investments

(ii) # Denotes amount below ₹500/-

Annexure 'II' to note 2.33 of notes to financial statements

Statement of Cash Flow for the year ended March 31, 2012

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A Cash flow from operating activities		
Net Profit before tax	4,561.73	973.57
Adjustment for :		
Depreciation	53.70	61.74
(Profit)/loss on sale of investments	–	(638.49)
Provision for/(reversal of) gratuity	(0.24)	14.71
Provision for/(reversal of) compensated absences	4.14	(22.90)
Other provisions	3.25	–
Provision for diminution in the value of non-current investments	–	(11.55)
Dividend income	(3,850.25)	(181.06)
Interest expense	5.19	2.50
Operating profit before working capital changes	777.52	198.52
Adjustment for :		
(Increase)/decrease in short term loans and advances	36.42	172.75
(Increase)/decrease in long term loans and advances	(13.43)	588.57
(Increase)/decrease in other current assets	566.62	(288.28)
Increase/(decrease) in trade payables	(39.43)	(13.84)
Increase/(decrease) in other current liabilities	(80.16)	(2,519.79)
Increase/(decrease) in other long-term liabilities	8.42	(21.48)
Cash generated from/(used in) operations	1255.96	(1,883.55)
Direct taxes paid	(464.40)	(4,331.27)
Net cash from/(used in) operating activities	791.56	(6,214.82)
B Cash flow from investing activities		
Purchase of non-current investments – Subsidiaries	(30,200.40)	–
Sale of non-current investments – Subsidiaries	30,230.00	–
Sale of non-current investments – Associates	30.00	–
Purchase of current investments – Others	–	(768.63)
Sale of non-current investments – Others	–	6,223.96
Purchase of fixed assets	(69.53)	(27.14)
Sale of fixed assets	0.35	34.15
Increase/(decrease) in other bank balances having maturity of more than 3 months	2,225.00	(3,125.00)
Dividend income	3,850.25	2,484.62
Net cash from investing activities	6,065.67	4,821.96

(₹ in Lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
C Cash flow from financing activities		
Proceeds from issue of equity shares (including premium)	103.21	–
ESOP cost reimbursed	697.94	–
Interest paid	(5.19)	(2.50)
Dividend paid (including dividend distribution tax)	(4,604.50)	(3,987.87)
Net cash used in financing activities	(3,808.54)	(3,990.37)
Net increase/(decrease) in cash and cash equivalents	3,048.69	(5,383.23)
Cash & cash equivalents - opening	8,396.99	13,780.22
Cash & cash equivalents - closing	11,445.68	8,396.99
Notes:		
i The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii Cash and bank balances	12,345.68	11,521.99
Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 - "Cash Flow Statement") #	900.00	3,125.00
Balance as shown in Cash flow statement (as defined in AS 3 - "Cash Flow Statement")	11,445.68	8,396.99
# Comprises cash in deposit accounts with original maturity of more than 3 months		
iii Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date

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

For and on behalf of the Board of Directors

Shivji K Vikamsey
Partner
Membership No. 2242

Nimesh Kampani
Chairman & Managing Director

E A Kshirsagar
Director

Place: Mumbai
Date: May 24, 2012

P K Choksi
Company Secretary

Manish Sheth
Chief Financial Officer

Financial Information of the subsidiary companies for the year ended March 31, 2012

(₹ / US\$ / SGD in Lakh)

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 Tax	Profit / (Loss) after Tax	Dividend proposed ^c
JM Financial Consultants Private Limited ^d	₹	3,638.90	54,926.08	72,060.19	15,527.77	13,495.22	8,156.82	983.60	258.10	725.50	650.37
JM Financial Services Private Limited	₹	5,000.00	15,980.19	71,229.65	0.03	50,249.46	26,857.30	2,207.19	651.30	1,555.89	-
JM Financial Insurance Broking Private Limited	₹	5.00	(4.77)	0.40	0.30	0.18	0.24	(3.18)	-	(3.18)	-
JM Financial Investment Managers Limited	₹	180.00	12,237.97	13,194.18	12,082.34	776.21	1,843.88	341.65	164.04	177.61	-
JM Financial Commtrade Limited	₹	750.00	(502.27)	983.94	4.91	736.21	354.29	92.82	18.34	74.49	-
JM Financial Products Limited	₹	54,450.00	25,261.67	366,209.39	7,423.60	286,497.72	41,182.99	13,053.33	4,130.23	8,923.10	4,746.24
JM Financial Asset Management Private Limited	₹	5,876.97	5,124.16	11,663.74	8,160.54	662.61	3,025.35	(226.32)	-	(226.32)	-
Infinite India Investment Management Private Limited	₹	160.00	277.20	620.20	3.69	183.01	626.45	31.98	(0.71)	32.69	-
JM Financial Gilts Limited	₹	115.00	(106.14)	9.14	9.07	0.28	0.62	0.12	-	0.12	-
JM Financial Overseas Holdings Private Limited	₹*	3,580.96	1,092.26	7,166.56	-	8.16	203.38	3.23	0.73	2.50	-
	US\$	70.00	21.35	140.09	-	0.16	3.98	0.06	0.01	0.05	-
JM Financial International Private Limited	₹*	153.47	(5.69)	152.38	-	4.60	-	(5.69)	-	(5.69)	-
	US\$	3.00	(0.11)	2.98	-	0.09	-	(0.11)	-	(0.11)	-
JM Financial Singapore Pte Ltd	₹*	142.10	(142.04)	275.74	-	275.74	-	(133.68)	-	(133.68)	-
	SGD	3.50	(3.50)	6.79	-	6.79	-	(3.50)	-	(3.50)	-

* Exchange rate as on March 31, 2012: 1 US\$ = ₹51.16 and 1 SGD = ₹40.60

Notes

- Investments exclude investment in subsidiaries under consolidation.
- Total liabilities exclude paid-up capital and reserves & surplus.
- Dividend proposed includes dividend distribution tax.
- Being renamed as JM Financial Institutional Securities Private Limited.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of JM Financial Limited

1. We have audited the attached Consolidated Balance Sheet of JM Financial Limited (hereinafter referred to as 'the Company') and its Subsidiaries and Associates (collectively referred to as the 'JM Financial Group') as at March 31, 2012 and also the Consolidated Statement of Profit and Loss 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 JM Financial Group as referred to in note 2.25 have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements" and AS 23 "Accounting for Investment in Associates" in Consolidated Financial Statements as notified in Companies (Accounting Standards) Rules, 2006 (as amended).
4. Included in this CFS are Assets of ₹5,226.73 Crore as at March 31, 2012, Revenues of ₹800.54 Crore and Net Cash Inflows of ₹99.45 Crore of the subsidiaries (including a partnership firm) and Profits of ₹0.42 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.
5. Attention is drawn to note 2.31, regarding managerial remuneration paid/provided by the Company in respect of previous year amounting to ₹0.65 Crore and in case of one of the subsidiary amounting to ₹0.14 Crore during the year, pending approval of Central Government.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements 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 CFS, 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 JM Financial Group as at March 31, 2012;
 - b) In the case of the Consolidated Statement of Profit and Loss of the profit 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
Registration No: 105146W

Shivji K. Vikamsey
Partner
Membership No.2242

Place: Mumbai
Date: May 24, 2012

CONSOLIDATED BALANCE SHEET

As at March 31, 2012

(₹ in Crore)

	Note	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	74.99	74.97
Reserves & surplus	2.2	1,873.32	1,821.61
Capital reserve on consolidation		6.11	82.15
		1,954.42	1,978.73
Minority Interest		140.32	140.69
Non-current liabilities			
Long term borrowings	2.3	271.29	25.80
Deferred tax liabilities (net)	2.4	97.13	93.94
Other long term liabilities	2.5	0.14	0.10
Long term provisions	2.6	40.45	34.85
		409.01	154.69
Current liabilities			
Short term borrowings	2.7	2,930.26	3,320.80
Trade payables	2.8	141.81	261.47
Other current liabilities	2.9	81.76	132.95
Short term provisions	2.10	62.89	63.39
		3,216.72	3,778.61
TOTAL		5,720.47	6,052.72
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.11A	23.92	28.87
Intangible assets	2.11B	6.09	6.51
Capital work in progress	2.11C	0.03	–
Goodwill on consolidation		74.49	164.31
Non-current investments	2.12	519.80	587.25
Long term loans and advances	2.13	589.24	543.89
Other non-current assets	2.14	7.58	–
		1,221.15	1,330.83
Current assets			
Current investments	2.15	50.05	296.43
Securities held as stock in trade		759.65	764.59
Assets held for arbitrage activities		193.37	491.40
Trade receivables	2.16	157.91	116.13
Cash and bank balances	2.17	1,370.00	1,056.87
Short term loans and advances	2.18	1,944.26	1,966.86
Other current assets	2.19	24.08	29.61
		4,499.32	4,721.89
TOTAL		5,720.47	6,052.72
Significant accounting policies & notes to financial statements		1 & 2	

As per our attached report of even date

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

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

P K Choksi
Company Secretary

E A Kshirsagar
Director

Manish Sheth
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2012

(₹ in Crore)

	Note	For the year ended 31.03.2012	For the year ended 31.03.2011
Income:			
Revenue from operations	2.20	674.17	684.48
Other operating income	2.21	199.80	211.44
Total Revenue		873.97	895.92
Expenses:			
Employee benefits expense	2.22	175.79	204.67
Finance costs	2.23	296.07	243.53
Depreciation and amortisation expense	2.11	11.47	12.44
Other expenses	2.24	207.93	196.88
Total Expenses		691.26	657.52
Profit before exceptional item		182.71	238.40
Less: Reversal of interest on income tax refund		–	(10.53)
Profit before tax		182.71	227.87
Tax Expense:			
Current tax		56.26	57.99
Deferred tax		3.19	(4.84)
Tax adjustment of earlier years (net)		0.10	(0.37)
		59.55	52.78
Profit for the year		123.16	175.09
Less: Share in profit of minority interest (net)		9.49	7.38
Add: Share in profit of associates		7.50	6.85
Net consolidated profit for the year		121.17	174.56
Earnings per equity share			
(face value of ₹1/- each)	2.29		
Basic EPS (in ₹)		1.62	2.33
Diluted EPS (in ₹)		1.61	2.33
Significant accounting policies & notes to financial statements	1 & 2		

As per our attached report of even date

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

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

P K Choksi
Company Secretary

E A Kshirsagar
Director

Manish Sheth
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The consolidated financial statements (CFS) comprises the financial statements of JM Financial Limited (“Company”) and its subsidiaries & associate 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 applicable Accounting Standards notified under Companies (Accounting Standards) Rules 2006, the relevant provisions of the Companies Act, 1956 (“the Act”) and the circulars and guidance issued by the Reserve Bank of India from time to time. Except otherwise mentioned, the accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

1.2 Use of estimates

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

1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis 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”.

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 on consolidation.

1.4 Revenue recognition

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

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

Commission income from executing client transactions on the secondary market in ‘Cash’ and ‘Futures and Options’ segments are recognised on the trade date.

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

Income from structured products including processing fees, 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.

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

Interest income is recognised on accrual basis.

1.5 Fixed assets and depreciation

Owned tangible assets

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

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on rates as per management's estimate of useful life of the fixed assets, or at the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher, as per the following table:

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

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

Owned intangible assets

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

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

Leased assets

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

1.6 Impairment of assets

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

1.7 Investments

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

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

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

1.9 Employee benefits

Defined contribution plan

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

Defined benefit plan

The Group'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 as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using

a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Short term employee benefits

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

1.10 Taxation

Tax expense comprises current tax and deferred tax.

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

Deferred tax for timing 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.

1.11 Arbitrage activities

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

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

1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

1.13 Operating leases

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

1.14 Employee stock option scheme

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

1.15 Foreign subsidiaries

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

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

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

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

1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected

in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

1.17 Provisions, contingent liabilities and contingent assets

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

2. Notes to financial statements

2.1 SHARE CAPITAL

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Authorised: 1,000,000,000 (1,000,000,000) equity shares of ₹1/- each	100.00	100.00
Issued and Subscribed Capital: 749,869,500 (749,869,500) equity shares of ₹1/- each		
Paid up Capital: 749,869,500 (749,782,500) equity shares of ₹1/- each fully paid-up	74.99	74.98
Less: Equity shares held under abeyance	–	0.01
Add: 87,000 Forfeited shares (amount originally paid up)	–	#
TOTAL	74.99	74.97

#Denotes amount below ₹50,000/-

Note a:

Reconciliation of the number of equity shares outstanding

	As at 31.03.2012		As at 31.03.2011	
	Number	Amount (In Crore)	Number	Amount (In Crore)
Shares outstanding at the beginning of the year	749,782,500	74.98	749,782,500	74.98
Shares Issued during the year (re-issue of forfeited shares)	87,000	0.01	–	–
Shares bought back during the year	–	–	–	–
Shares outstanding at the end of the year	749,869,500	74.99	749,782,500	74.98

Note b:

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

Note c:

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

Name of Shareholders	As at 31.03.2012		As at 31.03.2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	27.13%	203,406,600	27.13%
Nimesh Kampani*	135,357,500	18.05%	135,357,500	18.05%
J. M. Assets Management Private Limited	89,851,959	11.98%	89,851,959	11.98%
Blue Ridge Limited Partnership	51,563,350	6.88%	51,563,350	6.88%
Aruna Nimesh Kampani	38,451,250	5.13%	38,451,250	5.13%

* includes 1,250,000 equity shares held by Nimesh Kampani HUF

Note d:

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

	As at 31.03.2012	As at 31.03.2011
Fully paid up by way of bonus shares	449,869,500	449,869,500

Note e:

During the year, the Company has reissued 87,000 shares of the face value of ₹1/- each, which were earlier forfeited due to non-payment of calls.

2.2 RESERVES & SURPLUS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Securities premium	262.10	306.15
Capital Reserve	#	-
Capital redemption reserve	7.33	7.33
General reserve	187.31	181.09
Statutory reserve	74.13	57.93
Employees stock option outstanding	22.15	#
Currency translation reserve	4.38	(0.42)
Surplus in statement of profit and loss:		
Opening balance	1,269.52	1,169.06
Add: Net consolidated profit for the year	121.17	174.56
Amount available for appropriations	1,390.69	1,343.62
Less: Appropriations		
Proposed dividend	45.04	44.99
Dividend distribution tax		
of the Company	0.44	1.05
of the subsidiaries	6.87	6.40
Transfer to General reserve	6.22	5.06
Transfer to Statutory reserve	16.20	15.75
Transfer to Capital redemption reserve	-	0.85
Closing balance	1,315.92	1,269.52
TOTAL	1,873.32	1,821.61

#Denotes amount below ₹50,000/-

2.3 LONG TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	0.79	0.80
Non convertible debentures (secured)	270.50	-
Inter corporate deposits	-	25.00
TOTAL	271.29	25.80

2.4 DEFERRED TAX LIABILITIES (NET)

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Deferred tax liabilities:		
Investments	110.19	110.19
	110.19	110.19
Deferred tax assets:		
Expenditure	12.76	16.13
Depreciation	0.30	0.12
	13.06	16.25
TOTAL	97.13	93.94

2.5 OTHER LONG TERM LIABILITIES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Other liabilities	0.14	0.10
TOTAL	0.14	0.10

2.6 LONG TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For employee benefits - gratuity	7.49	7.13
For clawback obligation	5.21	–
For standard assets	27.72	27.72
Others	0.03	–
TOTAL	40.45	34.85

2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
From banks (secured by pledge of fixed deposits)	24.89	16.01
From banks (unsecured)	–	5.76
Overdraft accounts (secured)	141.47	294.28
Commercial papers (unsecured)	2,708.30	2,890.50
Securities lending and borrowings (SLB) (unsecured)	50.60	9.75
Collateralised borrowing and lending obligation (CBLO) (unsecured)	–	96.50
Inter corporate deposits (unsecured)	5.00	8.00
TOTAL	2,930.26	3,320.80

2.8 TRADE PAYABLES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Small and micro enterprises	–	–
Other than small and micro enterprises	141.81	261.47
TOTAL	141.81	261.47

2.9 OTHER CURRENT LIABILITIES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Short term maturities of finance lease obligations (secured by way of hypothecation of vehicles)	0.87	0.64
Unclaimed dividend	0.78	0.64
Statutory dues	7.29	8.69
Overdrawn bank balance	2.81	12.24
Margin from clients/franchisees	8.68	6.63
Income received in advance	5.04	13.01
Interest accrued but not due on borrowings	12.99	2.37
Employee benefits payable	42.83	88.66
Other liabilities	0.47	0.07
TOTAL	81.76	132.95

2.10 SHORT TERM PROVISIONS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
For employee benefits:		
Gratuity	0.76	0.64
Compensated absences	4.44	4.12
For proposed dividend - Equity shares		
by the Company	45.04	44.99
by the Subsidiaries	4.08	2.72
For dividend distribution tax - Equity shares		
by the Company	0.44	1.05
by the Subsidiaries	6.85	6.69
For dividend distribution tax - Preference shares by a subsidiary	0.68	–
Provision for tax (net of advance tax and TDS)	0.60	3.14
Others	–	0.04
TOTAL	62.89	63.39

2.11 FIXED ASSETS

(₹ in Crore)

	Gross block (At cost)			Depreciation / Amortisation			Net block		
	As at 31.03.2011	Additions for the year	Deductions for the year	As at 31.03.2012	As at 31.03.2011	Additions for the year	Deductions for the year	As at 31.03.2012	As at 31.03.2011
A. TANGIBLE ASSETS									
Owned assets:									
Land	-	0.21	-	0.21	-	-	-	0.21	-
Office premises	8.49	-	-	8.49	3.84	0.09	-	4.56	4.65
Leasehold improvements	10.68	0.66	2.81	8.53	7.12	1.35	1.93	1.99	3.56
Computers	35.76	2.07	1.82	36.01	28.53	3.14	1.80	6.14	7.23
Office equipment	16.23	0.49	0.27	16.45	11.75	1.90	0.21	3.01	4.48
Furniture and fixtures	13.91	0.65	0.57	13.99	7.81	1.05	0.35	5.49	6.11
Motor vehicles	1.77	-	-	1.77	0.62	0.38	-	0.77	1.15
Leased assets:									
Motor vehicles*	3.51	1.27	1.16	3.62	1.81	1.06	1.01	1.76	1.70
TOTAL (A)	90.35	5.35	6.63	89.07	61.48	8.97	5.30	23.92	28.87
B. INTANGIBLE ASSETS									
Software	16.92	2.08	0.01	18.99	10.41	2.50	0.01	6.09	6.51
Stock exchange membership	1.43	-	-	1.43	1.43	-	-	-	-
Stock exchange non refundable deposit	0.09	-	-	0.09	0.09	-	-	-	-
TOTAL (B)	18.44	2.08	0.01	20.51	11.93	2.50	0.01	6.09	6.51
C. CAPITAL WORK IN PROGRESS									
TOTAL (A+B+C)	108.79	7.43	6.64	109.58	73.41	11.47	5.31	30.04	35.38
Previous year	102.24	9.20	2.65	108.79	63.04	12.44	2.07	35.38	

*Vendor has lien over the assets taken on lease.

2.12 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2012		As at 31.03.2011	
	Quantity	Amount	Quantity	Amount
I TRADE INVESTMENTS				
JM Financial Asset Reconstruction Company Private Limited	102,900,000	102.90	102,900,000	102.90
Add : Share in post acquisition profit		15.81		8.73
		118.71		111.63
Financial Engineering Solutions Private Limited	–	–	2,400,000	2.40
Less : Share in post acquisition loss		–		(2.10)
		–		0.30
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		2.87		2.45
		2.90		2.48
TOTAL (I)		121.61		114.41
II OTHER INVESTMENTS				
EQUITY SHARES				
a) Quoted		125.03		161.18
b) Unquoted		108.29		84.06
		233.32		245.24
PREFERENCE SHARES		43.42		14.63
DEBENTURES/BONDS		50.40		108.19
VENTURE CAPITAL FUND UNITS (refer note i)		131.74		131.26
EQUITY ORIENTED MUTUAL FUND UNITS (refer note ii)		5.61		7.59
		464.49		506.91
Less: Provision for diminution in the value of investments		66.30		34.07
TOTAL (II)		398.19		472.84
TOTAL (I+II)		519.80		587.25

Notes:

- i. Redemption of units of venture capital fund is at the sole discretion of the trustees to the venture capital fund. However, the contributor can transfer the units with prior approval of the trustees to the venture capital fund.
- ii. Includes investment in units of equity oriented mutual fund of ₹0.01 Crore (previous year ₹0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, that cannot be sold/transferred.

2.13 LONG TERM LOANS AND ADVANCES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Capital advances (unsecured, considered good)	0.62	1.36
Security deposits (unsecured, considered good)	11.43	17.08
Other long term loans and advances:		
Secured, considered good		
(i) Loan funds	281.87	225.44
Unsecured, considered good		
(i) Advances recoverable in cash or kind or for value to be received	0.63	0.63
(ii) Loan funds	19.69	–
(iii) Staff loans	1.71	1.78
(iv) Advance tax (net of provisions)	212.12	216.58
(v) Prepaid expenses	0.28	0.15
(vi) Loan to Employees' Welfare Trust	48.90	54.45
(vi) Other deposits	11.99	26.42
	577.19	525.45
TOTAL	589.24	543.89

2.14 OTHER NON-CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Deferred employees' compensation (unsecured, considered good)	7.58	–
TOTAL	7.58	–

2.15 CURRENT INVESTMENTS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Mutual fund units	7.14	20.66
Debentures and bonds	18.65	71.15
Commercial papers	14.54	8.95
Certificate of deposits	9.72	195.67
TOTAL	50.05	296.43

2.16 TRADE RECEIVABLES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment:		
Secured, considered good	#	–
Unsecured, considered good	3.67	2.21
Secured, considered doubtful	1.29	0.87
Unsecured, considered doubtful	1.69	2.97
Less: Provision for doubtful debts	(2.98)	(4.05)
	3.67	2.00
Trade receivables outstanding for a period less than six months from the date they are due for payment:		
Secured, considered good	96.98	36.43
Unsecured, considered good	57.22	76.83
Unsecured, considered doubtful	0.54	1.22
Less: Provision for doubtful debts	(0.50)	(0.35)
	154.24	114.13
TOTAL	157.91	116.13

Denotes amount below ₹50,000/-

2.17 CASH AND BANK BALANCES

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Cash and cash equivalents		
Cash on hand	0.04	0.03
Balances with banks:		
In current accounts	43.53	33.92
In deposit accounts (less than 3 months maturity)	295.30	238.15
	338.87	272.10
Other bank balances - in deposit accounts	1,031.13	784.77
TOTAL	1,370.00	1,056.87
Note:		
i. Balances with banks in deposit accounts (maturing after 12 months)	4.98	61.53
ii. Earmarked balances with banks	0.71	0.55
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	330.85	302.05

2.18 SHORT TERM LOANS AND ADVANCES
(Unsecured, unless otherwise stated)

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Loan funds (secured)	1,822.96	1,784.65
Loan funds	1.48	17.25
Deposits for premises	16.42	1.30
Other deposits	10.66	51.55
Prepaid expenses	83.17	86.75
Advances recoverable in cash or kind or for value to be received	9.19	8.10
Inter corporate deposits	–	16.13
Staff loans	0.38	1.13
TOTAL	1,944.26	1,966.86

2.19 OTHER CURRENT ASSETS

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Interest accrued but not due	15.64	29.20
Deferred employees' compensation	7.58	–
Securities held for settlement of claims	0.32	0.34
Assets acquired in satisfaction of claims	0.54	–
Others	–	0.07
TOTAL	24.08	29.61

2.20 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Fees and commission	199.07	254.23
Brokerage	118.96	140.53
Interest and other income on fund based activities	356.14	289.72
TOTAL	674.17	684.48

2.21 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest income	101.80	57.70
Income from arbitrage activities	40.37	54.17
Profit on sale of investments (net)	23.83	47.43
Dividend income	24.13	42.07
Gain on foreign currency transactions (net)	0.11	–
Miscellaneous income	9.56	10.07
TOTAL	199.80	211.44

2.22 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Salaries, bonus and allowances	166.39	193.87
Contribution to provident fund and other funds	6.88	7.02
Gratuity	1.23	2.51
Staff welfare	1.29	1.27
TOTAL	175.79	204.67

2.23 FINANCE COSTS

(₹ in Crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest expense	285.86	229.15
Securities borrowing costs	7.56	11.99
Bank guarantee expense	2.23	2.08
Finance charges on leased assets	0.42	0.31
TOTAL	296.07	243.53

2.24 OTHER EXPENSES

(₹ in Crore)

	For the year ended 31.03.2012	For the year ended 31.03.2011
Sub-brokerage, fees and commission	91.74	82.99
Rent	21.69	24.77
Legal and professional fees	12.17	14.99
Information technology expenses	7.23	6.67
Membership and subscriptions	6.52	6.25
Manpower expenses	6.44	5.93
Communication expenses	5.31	5.56
Provision for bad & doubtful debts and assets written off	13.84	8.41
Provision for clawback obligation	5.21	–
Travelling, hotel and conveyance expenses	4.58	5.09
Rates and taxes	4.32	5.99
Electricity expenses	3.72	4.24
Repairs and maintenance	3.48	3.30
Insurance expenses	2.89	2.45
Printing and stationery	2.56	3.36
Fund expenses	2.32	1.92
Business conference and seminar expenses	1.91	1.56
Donation	1.91	1.64
Loss on sale of assets	0.99	0.02
Advertisement and other related expenses	0.90	3.47
Auditors' remuneration	0.83	0.80
Directors' commission	0.56	0.26
Loss on foreign currency transactions (net)	–	0.11
Miscellaneous expenses	6.81	7.10
TOTAL	207.93	196.88

2.25 ENTITIES INCLUDED IN CONSOLIDATION

	Country of incorporation	As at 31.03.2012	As at 31.03.2011
Subsidiaries			
JM Financial Consultants Private Limited (refer note a)	India	100.00	100.00
JM Financial Institutional Securities Private Limited (refer note a)	India	–	100.00
JM Financial Ventures Limited (refer note a)	India	–	97.78
Oracle Enterprises Private Limited (refer note a)	India	–	97.78
JM Financial Securities Private Limited (refer note a)	India	–	90.00
Ardour Trading Private Limited (refer note a)	India	–	–
Latitude Mercantile Private Limited (refer note a)	India	–	–
Saptarishi Sales and Trading Private Limited (refer note a)	India	–	–
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Private Limited	India	100.00	100.00
JM Financial Services Private Limited	India	90.90	90.90
JM Financial Commtrade Limited	India	90.90	90.90
JM Financial Insurance Broking Private Limited	India	90.90	90.90
JM Financial Products Limited	India	90.00	90.00
JM Financial GILTS Limited	India	90.00	90.00
JM Financial Asset Management Private Limited	India	53.54	53.58
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial International Private Limited (refer note b)	Mauritius	100.00	–
JM Financial Singapore Pte. Ltd. (refer note c)	Singapore	100.00	–
Persepolis Investments Limited (PIL) (refer note d)	Mauritius	–	–
Persepolis PIPE Investments Limited (PPIL) (refer note d)	Mauritius	–	–
Partnership Firm			
M/s Stellar Investments (refer note e)	India	–	97.80
Associates			
JM Financial Asset Reconstruction Company Private Limited	India	49.00	49.00
JM Financial Trustee Company Private Limited	India	25.00	25.00
Financial Engineering Solutions Private Limited (refer note f)	India	–	30.00

Notes

- a) Pursuant to the Scheme of Arrangement (the Scheme) under the provisions of sections 391 to 394 of the Companies Act, 1956, as sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated April 27, 2012, the assets, liabilities, rights and obligations of the following wholly owned subsidiaries ('transferor companies') of JM Financial Consultants Private Limited ('the transferee company') have been transferred to and vested in the transferee company as on and from March 31, 2012, on the scheme becoming effective on filing the certified copy of the Order with the Registrar of Companies at Mumbai on May 18, 2012. Pursuant to the Scheme JM Financial Consultants Private Limited is being renamed as JM Financial Institutional Securities Private Limited.

Name of the transferor companies	
1) Ardour Trading Private Limited*	5) Latitude Mercantile Private Limited*
2) JM Financial Institutional Securities Private Limited	6) Oracle Enterprises Private Limited
3) JM Financial Securities Private Limited*	7) Saptarishi Sales and Trading Private Limited*
4) JM Financial Ventures Limited*	

* Became 100% subsidiary of JM Financial Consultants Private Limited during the year and accordingly the financials of company have been consolidated.

- i. The Scheme has accordingly been given effect in the financial statements of transferee company and the assets and liabilities of all transferor companies have been recorded at cost or fair value as determined by the Board of Directors of the transferee company.
- ii. In the CFS, goodwill/capital reserves arising on implementing the provisions of Scheme for the merged transferee company have been adjusted inter se as also adjusted against capital reserves of the said companies as existing in the CFS. The Securities Premium in the CFS of ₹45.06 Crore (being identified with reference to transferee company) is also adjusted against the net goodwill remaining after the aforesaid adjustment.

- b) JM Financial International Private Limited became wholly owned subsidiary of JM Financial Overseas Holdings Private Limited, Mauritius on October 6, 2011.
- c) JM Financial Singapore Pte. Ltd. became wholly owned subsidiary of JM Financial International Private Limited on October 14, 2011.
- d) PIL and PPIL, in which the Group held management shares, have been wound up on August 4, 2011.
- e) Partnership firm viz. Stellar Investments was dissolved on March 31, 2012
- f) 30% equity shares in an associate, viz. Financial Engineering Solutions Private Limited have been disposed off on June 30, 2011 and accordingly it ceased to be an associate of the Company.
- g) On May 18, 2011, the group acquired 96.20% stake in CR Retail Malls (India) Limited with an intention to hold the same temporarily till its subsequent disposal in the near term future and accordingly it has not been consolidated.

2.26 CONTINGENT LIABILITY

Contingent liability in respect of income tax demands for various years disputed in appeal is ₹12.69 Crore (previous year ₹296.41 Crore). During the previous year, the additional tax liability, net of relevant deferred tax liability, arrived at ₹290.93 Crore, was mainly due to the treatment of long term capital gains on sale of equity shares on termination of joint venture with Morgan Stanley as "Business Income" and not "Capital Gains" along with other ground, pursuant to the assessment of Assessment Year 2008-09. The same has been set aside and restored to the Assessing Officer for fresh adjudication by the Income Tax Appellate Tribunal, Mumbai.

Disputed demands of service tax authorities is ₹12.14 Crore (previous year ₹11.88 Crore).

Clawback obligation towards JM Financial Property Fund I for probable shortfall in meeting the hurdle rate is ₹1.25 Crore (previous year Nil).

Estimated liability in respect of Municipal Tax payable to the landlord of the premises taken on lease (disputed by landlord/society) is ₹0.91 Crore (previous year ₹0.91 Crore).

Bank guarantees given by banks to exchanges is ₹20.48 Crore (previous year ₹22.98 Crore).

2.27 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹0.91 Crore (previous year ₹1.17 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹0.29 Crore (previous year ₹0.80 Crore).

2.28 EMPLOYEE STOCK OPTION SCHEME (ESOS)

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

During the financial year, the Compensation Committee of the Board has granted stock options under Series 4, to the Employees that vests in a graded manner, which are to be exercised within a specified period. The Company has granted 7,500,000 options at an exercise price of ₹1/- per option to the employees.

The details of outstanding options are as under:

	For the year ended March 31, 2012	For the year ended March 31, 2011
Options outstanding at the beginning of the year	14,887,500	12,637,500
Add: Options granted during the year	7,500,000	3,750,000
Less: Options exercised during the year	Nil	Nil
Less: Options forfeited/cancelled during the year	Nil	Nil
Less: Options lapsed during the year	238,227	1,500,000
Outstanding at the end of the year	22,149,273	14,887,500
Exercisable at the end of the year	3,712,500	Nil

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

The estimated fair value of each stock option granted under the Scheme is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs were the share price at respective grant date, exercise price of ₹1/-, volatility of 60.98% to 62.62%, dividend yield of 1.24%, expected term of options in the range of 4 years to 5 years, and a risk-free interest rate of 8.04% to 8.05%.

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

% of Options to be vested	No. of Options		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	2,500,000	1,250,000	April 21, 2012	April 21, 2013	29.16	18.17
33.33%	2,500,000	1,250,000	April 21, 2013	April 21, 2014	29.00	19.78
33.33%	2,500,000	1,250,000	April 21, 2014	April 21, 2015	28.85	20.84
	7,500,000	3,750,000				

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 ₹17.45 Crore (previous year ₹7.08 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been reduced by ₹10.47 Crore (previous year nil) and accordingly basic and diluted earnings per share as reported would have been reduced after giving effect to the stock-based employee compensation amounts as under:

(₹ in Crore)

	As reported		As adjusted	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Net profit	121.17	174.56	110.70	167.48
Basic earnings per share (in ₹)	1.62	2.33	1.48	2.23
Diluted earnings per share (in ₹)	1.61	2.33	1.47	2.23

Details of options granted under various series are as under:

	Series 1	Series 2	Series 3	Series 4	Total
Grant date	15/04/2008	29/10/2009	21/04/2010	21/04/2011	
Options granted	11,137,500	1,500,000	3,750,000	7,500,000	23,887,500
Options exercised till March 31, 2012	Nil	Nil	Nil	Nil	Nil
Options forfeited/cancelled till March 31, 2012	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2012	Nil	1,500,000	Nil	238,227	1,738,227
Outstanding at end of year	11,137,500	Nil	3,750,000	7,261,773	22,149,273
Exercisable at end of year	3,712,500	Nil	Nil	Nil	3,712,500
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	
Exercise price	₹54.80	₹54.80	₹54.80	₹1.00	
Pricing formula	₹54.80 (Adjusted for split and bonus) being the closing market price quoted on the immediately preceding working day of the date of Grant of options	₹54.80 (Adjusted for split and bonus) as was determined by the Compensation Committee at its meeting held on October 29, 2009	₹54.80 (Adjusted for split and bonus) as was determined by the Compensation Committee at its meeting held on April 19, 2010	₹1/- as was determined by the Compensation Committee at its meeting held on April 21, 2011	

Subsidiary companies

a) JM Financial Asset Management Private Limited (AMC)

The Board of AMC has granted 3,000,000 Equity Stock Options in the financial year 2007-08 and 725,000 Equity Stock Options in the financial year 2010-11 to the employees/directors of the AMC and the directors of JM Financial Trustee Company Private Limited ("the Employees") under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period in the graded manner. Of the options granted, 315,000 options (till previous year 1,630,000 options) were lapsed/forfeited/expired during the year. Of the options granted, 53,000 options (till previous year 30,000 options) were exercised during the year. Total options outstanding at the end of the year is 1,697,000 options (previous year 2,065,000 options).

b) JM Financial Institutional Securities Private Limited (IED)

During the year 2007-08, the Board of IED had granted 198,650 Equity Stock Options to the employees under an Employee Stock Option Plan (ESOP) to be settled by issue of equity shares over the vesting period in the graded manner. Consequence to "Grantee employees" as defined in the Scheme surrendering all options, the company has transferred ₹0.02 Crore being the discount given in respect of equity stock options to general reserve. As at March 31, 2012 the option exercised is Nil (previous year Nil). Total options outstanding at the end of the year is nil (previous year 171,250 options).

2.29 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
Net consolidated Profit	121.17	174.56
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	749,843,115	749,782,500
Basic earnings per share (in ₹)	1.62	2.33
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	752,796,075	749,782,500
Diluted earnings per share (in ₹)	1.61	2.33

2.30 LEASE TRANSACTION

Finance lease

The Group has acquired vehicles under the finance lease agreement. The tenure of lease agreements ranges between 36 and 60 months with an option to prepayments/foreclosure.

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

(₹ in Crore)

	Total minimum lease payment outstanding as at March 31, 2012	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2012	Total minimum lease payment outstanding as at March 31, 2011	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2011
Not later than 1 year	1.15	0.28	0.87	0.66	0.18	0.48
Later than 1 year but not later than 5 years	1.11	0.18	0.93	0.94	0.15	0.79
Later than 5 years	–	–	–	–	–	–
Total	2.26	0.46	1.80	1.60	0.33	1.27

Operating lease

- The Group had taken two assets under operating lease for the periods of 22 months and 42 months respectively. The same were non-cancellable for an initial period of 11 months and 24 months respectively.

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

(₹ in Crore)

	Total lease payments outstanding as at March 31, 2012	Total lease payments outstanding as at March 31, 2011
Not later than 1 year	7.50	11.21
Later than 1 year but not later than 5 years	3.91	10.09
Later than 5 years	–	–
Expenditure debited to statement of profit and loss	9.90	12.22

- ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates to ₹12.41 Crore (previous year ₹12.25 Crore).

2.31 MANAGERIAL REMUNERATION

- i. The Company had made an application to the Central Government for waiver of the excess remuneration of ₹0.65 Crore paid to the Managing Director for the financial year 2010-11 on June 10, 2011. The Central Government, vide its letter dated April 11, 2012, has rejected the application made by the Company on the ground that the Company has paid the remuneration in excess of the remuneration approved by the Government vide its letter dated July 14, 2011. The Company has represented the matter vide its letter dated April 27, 2012 explaining in detail therein the rationale for the Government to reconsider its decision. In view of this, the Company has requested the Government to reconsider its decision of rejection and accord its approval for the waiver of the excess amount thus paid. The Company is awaiting the response from the Government in this regard.
- ii. In relation to one of the subsidiaries of the Company, the managerial remuneration for the year is in excess of the limits specified under Schedule XIII of the Companies Act, 1956 by ₹0.14 Crore in respect of which an application to the Central Government for approval/waiver has been made.

2.32 SEGMENTAL REPORTING

I. Business segments

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks and High Networth Individuals (HNIs) to offer wealth advisory services and distribution of financial products in an open architecture environment to retail investors/HNIs through a large network of franchisees and Independent Financial Advisors (IFAs).
Fund based activities	Fund based activities include providing finance against securities to a diverse range of corporates and non-corporate clients. Further it also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes offering a range of investment options to a large number of investors.

The segment wise details is attached as per Annexure 'I'.

II. Geographical segments

The Group does not have any reportable geographical segment.

2.33 Disclosure in respect of related parties is attached as per Annexure 'II'.

2.34 Statement of consolidated cash flow is attached as per Annexure 'III'.

2.35 The Group does not enter into any foreign currency derivative instruments for hedge or speculation.

2.36 The financial statements are prepared in accordance with Revised Schedule VI to the Act. Figures of the previous year have been regrouped/reclassified/rearranged wherever necessary to correspond with those of the current year's classification/disclosure.

Annexure 'I' to note 2.32

Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)

	As at 31.03.2012	As at 31.03.2011
Segment revenue		
A Investment banking and securities business	404.43	491.11
B Fund based activities	413.77	342.80
C Alternative asset management	45.90	42.64
D Asset management	30.25	31.69
E Others	63.31	44.16
Total segment revenue	957.66	952.40
Less: Inter - segmental revenue	(83.69)	(56.48)
Total revenue	873.97	895.92
Segment results		
A Investment banking and securities business	35.27	118.40
B Fund based activities	133.11	97.99
C Alternative asset management	9.48	12.46
D Asset management	(2.26)	(6.00)
E Others	7.11	5.03
Total segment results	182.71	227.87
Segment assets		
A Investment banking and securities business	1,433.70	1,408.23
B Fund based activities	3,688.67	3,648.14
C Alternative asset management	138.75	381.24
D Asset management	119.59	124.17
E Unallocated	291.10	272.99
Total segment assets	5,671.81	5,834.77
Segment liabilities		
A Investment banking and securities business	642.10	815.57
B Fund based activities	2,832.14	2,850.49
C Alternative asset management	10.20	41.31
D Asset management	6.67	9.16
E Unallocated	160.45	163.13
Total segment liabilities	3,651.56	3,879.66
Capital expenditure incurred during the year		
A Investment banking and securities business	5.10	6.22
B Fund based activities	0.93	1.02
C Alternative asset management	0.13	0.19
D Asset management	0.60	1.33
E Unallocated	0.70	0.27
Total capital expenditure	7.46	9.03
Depreciation/amortisation for the year		
A Investment banking and securities business	7.35	7.61
B Fund based activities	1.04	1.00
C Alternative asset management	0.84	0.98
D Asset management	1.71	2.23
E Unallocated	0.53	0.62
Total depreciation/amortisation	11.47	12.44

Annexure 'II' to note 2.33

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

I. List of related parties

Parties other than where control exists with whom the Company/subsidiaries have entered into transactions during the year:

A Associates

JM Financial Asset Reconstruction Company Private Limited (ARC)

Financial Engineering Solutions Private Limited (FES) (up to June 29, 2011)

JM Financial Trustee Company Private Limited (Trustee)

CR Retail Malls (India) Limited (CRRM) (from May 18, 2011)

B Key management personnel

Mr. Nimesh Kampani (NNK)

C Relatives of key management personnel

Ms. Aruna N Kampani (ARNK)

Mr. Vishal N Kampani (VNK)

Mr. Ashith Kampani (ASNK)

Ms. Amishi N Kampani (AMNK)

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

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

J.M. Assets Management Private Limited (J.M. Assets)

JSB Securities Limited (JSB)

Kampani Consultants Limited (KCL)

Persepolis Investment Company Private Limited (PICPL)

SNK Investments Private Limited (SNK)

FICS Consultancy Services Limited (FICS)

Kampani Properties & Holdings Limited (KPHL)

Financial Engineering Solutions Pvt. Ltd. (FES) (from June 30, 2011)

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

Annexure 'II' to note 2.33 (contd....)

Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Security deposit received back from JMFICS	-	-	-	-	-	-	-	1.70	-	1.70
ICD placed to CRRM	59.69	-	-	-	-	-	-	-	59.69	-
ICD redeemed by CRRM	40.00	-	-	-	-	-	-	-	40.00	-
Purchase of security from KCL	-	-	-	-	-	-	3.75	-	3.75	-
Sale of security to PICPL	-	-	-	-	-	-	0.20	-	0.20	-
SNK	-	-	-	-	-	-	0.10	-	0.10	-
Purchase of fixed assets from FES	-	0.20	-	-	-	-	0.33	-	0.33	0.20
ARNK	-	-	-	-	-	0.66	-	-	-	0.66
Sale of fixed assets to JMFICS	-	-	-	-	-	-	-	#	-	#
Professional fees paid to FES	-	0.27	-	-	-	-	0.34	-	0.34	0.27
Interest income on ICD from CRRM	3.52	-	-	-	-	-	-	-	3.52	-
Secondary brokerage received from JMFICS	-	-	-	-	-	-	0.08	0.17	0.08	0.17
KCL	-	-	-	-	-	-	0.01	0.02	0.01	0.02
PICPL	-	-	-	-	-	-	0.01	0.08	0.01	0.08
Trustee	0.01	0.02	-	-	-	-	-	-	0.01	0.02
Others	-	-	#	#	-	-	#	#	#	#
Recovery of expenses from Trustee	0.74	0.89	-	-	-	-	-	-	-	0.89
JMFICS	-	-	-	-	-	-	0.01	#	0.01	#

Denotes amount below ₹50,000/-

	(₹ in Crore)									
	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Reimbursement of expenses to										
JMFICS	-	-	-	-	-	-	0.05	0.24	0.05	0.24
FICS	-	-	-	-	-	-	#	0.05	#	0.05
Remuneration paid to										
NINK	-	-	1.13	1.17	-	-	-	-	1.13	1.17
VNK	-	-	-	-	4.77	4.20	-	-	4.77	4.20
ASNK	-	-	-	-	0.91	2.15	-	-	0.91	2.15
AMNK	-	-	-	-	0.11	-	-	-	0.11	-
Advance received towards expenses from										
NINK	-	-	#	2.00	-	-	-	-	#	2.00
Expenses against advance received from										
NINK	-	-	0.06	0.08	-	-	-	-	0.06	0.08
Advance repaid to										
NINK	-	-	1.83	0.09	-	-	-	-	1.83	0.09
Board meeting fees paid to										
ASNK	-	-	-	-	0.01	0.01	-	-	0.01	0.01
Audit committee meeting fees paid to										
ASNK	-	-	-	-	0.01	0.01	-	-	0.01	0.01
Conveyance paid to										
ASNK	-	-	-	-	#	#	-	-	#	#
Commission paid to										
ASNK	-	-	-	-	0.05	-	-	-	0.05	-
Dividend paid to										
Trustee	0.09	-	-	-	-	-	-	-	-	-
JMFICS	-	-	-	-	-	-	12.20	10.17	12.20	10.17
J.M. Assets	-	-	-	-	-	-	5.39	4.49	5.39	4.49
JSB	-	-	-	-	-	-	0.29	0.24	0.29	0.24
PICPL	-	-	-	-	-	-	0.04	-	0.04	-
KCL	-	-	-	-	-	-	0.04	0.01	0.04	0.01

Denotes amount below ₹50,000/-

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Enterprise over which Key Management Personnel is able to exercise significant influence		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
SNK	-	-	-	-	-	-	0.56	0.43	0.56	0.43
NNK	-	-	8.12	6.77	-	-	-	-	8.12	6.77
ASNK	-	-	-	-	#	#	-	-	#	#
Rent paid to										
JMFICS	-	-	-	-	-	-	2.53	2.43	2.53	2.43
KPHL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
FICS	-	-	-	-	-	-	0.04	0.06	0.04	0.06
KCL	-	-	-	-	-	-	0.38	0.38	0.38	0.38
ARNK	-	-	-	-	-	0.04	-	-	-	0.04
Group support fees received from										
ARC	1.80	3.00	-	-	-	-	-	-	1.80	3.00
Support service fees paid to										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
Demat charges received from										
Others	-	-	#	#	-	-	#	#	#	#
Balance outstanding at the year end										
Receivables										
CRRM	19.69	-	-	-	-	-	-	-	19.69	-
JMFICS	-	-	-	-	-	-	6.80	6.80	6.80	6.80
Trustee	-	0.32	-	-	-	-	-	-	-	0.32
KCL	-	-	-	-	-	-	1.20	1.20	1.20	1.20
KPHL	-	-	-	-	-	-	1.50	1.50	1.50	1.50
Payables										
NNK	-	-	-	2.56	-	-	-	-	-	2.56
ASNK	-	-	-	-	0.36	1.55	-	-	0.36	1.55
VNK	-	-	-	-	2.70	7.50	-	-	2.70	7.50
AMNK	-	-	-	-	0.05	-	-	-	0.05	-
FES	-	-	-	-	-	-	#	-	#	-
FICS	-	-	-	-	-	-	0.04	-	0.04	-

Denotes amount below ₹50,000/-

Annexure 'III' to note 2.34

Statement of Consolidated Cash Flow for the year ended March 31, 2012

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
A Cash Flow from operating activities		
Profit before tax	182.71	227.87
Adjustment for:		
Depreciation and amortisation expense	11.47	12.44
Provision for gratuity	0.49	2.25
Provision for/(reversal of) compensated absences	0.31	0.04
Provision for clawback obligation	5.21	–
Provision for doubtful debts	13.84	8.41
Loss on sale of fixed assets	0.99	0.02
Profit on sale of investments	(23.83)	(47.43)
Dividend income	(24.13)	(42.07)
Interest income	(101.80)	(57.70)
Finance costs	296.07	243.53
Operating profit before working capital changes	361.33	347.36
Adjustment for:		
(Increase)/decrease in trade receivables	(41.78)	(670.30)
(Increase)/decrease in short term loans and advances	22.60	30.60
(Increase)/decrease in long term loans and advances	(49.82)	2.09
(Increase)/decrease in securities held as stock in trade	4.94	(301.77)
(Increase)/decrease in assets held for arbitrage activities	298.03	(205.63)
(Increase)/decrease in other current assets	13.10	5.19
Increase/(decrease) in trade payables	(119.65)	67.40
Increase/(decrease) in other current liabilities	(51.19)	13.73
Increase/(decrease) in other long term liabilities	(0.05)	0.32
Cash generated from/(used in) operations	437.51	(711.01)
Direct taxes paid	(54.45)	(98.97)
Net cash from/(used in) operating activities	383.06	(809.98)

(₹ in Crore)

	For the year ended March 31, 2012	For the year ended March 31, 2011
B Cash flow from investing activities		
Purchase of investments	(10,185.84)	(37,597.38)
Sale of investments	10,492.57	37,757.81
Purchase of fixed assets	(7.45)	(9.03)
Sale of fixed assets	0.33	0.52
Increase/(decrease) in other bank balances having maturity of more than 3 months	(246.36)	(784.77)
Interest income	101.80	57.70
Dividend income	24.13	42.07
Net cash from/(used in) investing activities	179.18	(533.08)
C Cash flow from financing activities		
Proceeds from issue of equity shares (including premium)	1.03	–
Proceeds from borrowings (net)	(144.97)	1,421.50
Finance costs paid	(296.07)	(243.53)
Dividend paid (including dividend distribution tax)	(55.46)	(43.90)
Net cash from/(used in) financing activities	(495.47)	1,134.07
Net increase/(decrease) in Cash and cash equivalents	66.77	(208.99)
Cash & cash equivalents - opening	272.10	481.09
Cash & cash equivalents - closing	338.87	272.10
Notes:		
i The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii Cash and bank balances	1,370.00	1,056.87
Less: Bank balances not considered as Cash and cash equivalents (as defined in AS 3 - "Cash Flow Statement") #	1,031.13	784.77
Balance as shown in Cash flow statement (as defined in AS 3 - "Cash Flow Statement")	338.87	272.10
# Comprises cash in deposit accounts with original maturity of more than 3 months		
iii Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date

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

Shivji K Vikamsey
Partner
Membership No. 2242

Place: Mumbai
Date: May 24, 2012

For and on behalf of the Board of Directors

Nimesh Kampani
Chairman & Managing Director

P K Choksi
Company Secretary

E A Kshirsagar
Director

Manish Sheth
Chief Financial Officer

JM FINANCIAL LIMITED**ATTENDANCE SLIP****Twenty Seventh Annual General Meeting
(To be handed over at the entrance of the Meeting hall)**

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company on Monday, August 13, 2012 at 4.00 p.m. at Rama Watumull Auditorium, Kishinchand Chellaram College, Dinshaw Wachha 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 the Proxy (in BLOCK LETTERS) _____

(To be filled in if the valid proxy has been duly lodged with the Company)

Signature of Member /Proxy _____

CUT HERE 

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 of

_____ or failing him/her _____

of _____ in the district of _____

as my/our proxy to attend and vote for me/us on my/our behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Monday, August 13, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012 Signature of Member(s) _____

Affix
₹ 1/-
Revenue
Stamp

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

CUT HERE 

Mandate Form – ECS/NECS

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

To

Please register the following details for receipt of dividend through ECS/NECS:

Name : _____ Bank Details : _____

DP ID/Folio No. : _____ Bank Name : _____

Client ID : _____ Branch Name and address : _____

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

9 Digit MICR Code : _____

I/We hereby declare that the particulars given above are correct and complete.

Date : _____ Signature of Member(s) _____

SNAPSHOTS OF THE YEAR



Children from Akanksha during a mentoring session at the JM Financial Corporate Headquarters



Dr. Subir Gokam, Deputy Governor of the Reserve Bank of India addressing the audience at the JM Financial India Conference 2011



Mid-day meals by Akshaya Patra, one of the many causes supported by the JM Financial Foundation



Ms. Dipti Neelakantan, Group Chief Operating Officer, at a CII event with Mr. U. K. Sinha, Chairman, SEBI



Mr. Rajeev Chitrabhanu, MD and CEO, JM Financial Services Pvt Ltd, addresses the audience at a CII event



The JM Financial Foundation Walkathon 2012



JM Financial Services is ranked amongst the top ten in 'India's best companies for rewards and recognition'



The JM Financial Services team wins the 'Best Performing National Financial Advisor - Institutional' award



The winning ladies team at the JM Financial Cricket tournament 2011



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