

Report on Corporate Governance

1. OUR PHILOSOPHY ON CORPORATE GOVERNANCE

“Regardless of the type of venture, only good governance can deliver sustainable good business performance” – This is our belief at JM Financial Group.

The Vision of JM Financial Group is:

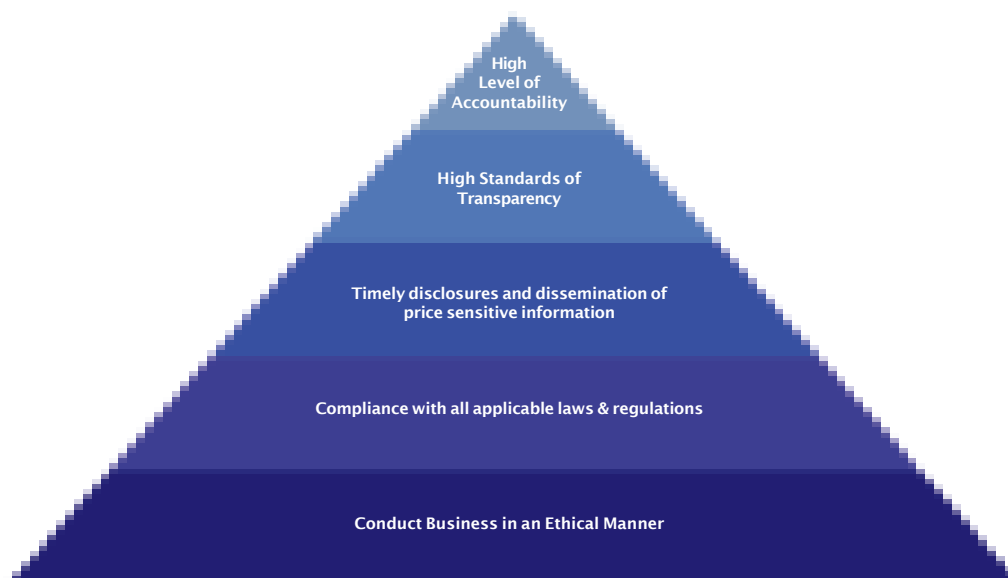
“To be the most trusted partner for every stakeholder”

JM Financial is committed to provide fair, transparent and equitable treatment to all its stakeholders. For us, Corporate Governance is not only a set of rules that define the relationship between the stakeholders and the management of a company but it is the way the company operates. Corporate Governance is both the structure and the relationship which determine corporate direction and performance.

At JM Financial, we have always sought to be a value-driven organisation, where our values direct our growth and success.

- **Integrity:** *Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals and corporate citizens. Our reputation, based on our high standards of integrity, is invaluable.*
- **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.*
- **Client Focus:** *We always put the interest of our clients before our own. We understand our clients’ needs, seek new opportunities for them and deliver unique solutions as per their expectations. The success of our clients is the biggest reward for us.*
- **Innovation:** *We understand our clients’ needs and develop solutions for the most complex or the simplest, the biggest or the smallest transactions, whether for individuals, corporations or institutions. Creativity and innovation are among the key essentials for everything we do. We encourage new ideas which help us capture unique opportunities.*
- **Implementation:** *Our expertise, experience and continuous focus on the quality of execution ensure effective implementation of our strategies.*
- **Performance:** *We believe in development of our people and continuously hone our skills, setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent. We recognize and reward talent based on merit.*
- **Partnership:** *Our relationship with all our stakeholders reflect 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.*

We believe in demonstrating high level of accountability, maintaining high standards of transparency, timely disclosures and dissemination of price sensitive information, ensuring thorough compliance with all applicable laws and regulations and conducting our business in an ethical manner.



OUR PHILOSOPHY AT JM FINANCIAL

Clause 49 vis-à-vis JM Financial:

Clause 49 of the Listing Agreement entered between a company and the stock exchanges is a benchmark for the compliance practices and rules required to be followed by all listed companies. Clause 49 is the baseline for good governance standards. At JM Financial, we not only adhere to the prescribed corporate governance standards and practices as given in Clause 49 but we constantly strive to adopt the emerging best practices.

Corporate Governance has always been an integral and indispensable practice at JM Financial in conducting its business for more than three decades. We believe that corporate governance is a journey towards sustainable value creation and is always an upward moving target.

We follow high standards of corporate governance practices which *inter-alia* include:

1. The Board of the Company comprises majority of Non executive Directors representing around 86% of the total composition of the Board.
2. Out of the seven Directors on the Board, five are Independent Directors, which represents around 71% of the total composition of the Board.
3. At least one Independent Director of the Company is also on the Board of the material unlisted subsidiaries of the Company.
4. The Company has comprehensive risk management and internal control systems.
5. The internal controls of the Company are also audited by an external audit firm.

6. The Company arranges periodic meetings of the Independent Directors with the Internal and Statutory Auditors of the Company, without Management participation.
7. The Company has adopted a system, whereby the certificate confirming the compliance of all applicable laws to it and its subsidiaries is periodically placed before the Board.
8. The Company encourages a two-way communication process with shareholders and follows timely dissemination of price-sensitive information. Such information is also posted on the corporate website of JM Financial, viz. www.jmfinancial.in.

The Company Secretary plays a very vital role in the implementation of the best corporate governance processes. He ensures that the Board procedures are followed and reviewed regularly. He also ensures that all relevant information/documents/details are made available to all the Directors and Senior Managerial Personnel (*who are invited to attend the meeting*) for effective decision making at all Board/Committee meetings. All the Directors and Senior Managerial Personnel have access to the advice and services of the Company Secretary.

2. BOARD OF DIRECTORS (“THE BOARD”)

Based on the size of the Company, complexity and nature of the Company’s business, the Board of the Company consists of appropriate composition, size, varied expertise and commitment to discharge its responsibilities and duties.

The Company’s Board comprised the following Directors as on March 31, 2010.

NAME OF THE DIRECTOR	
Mr. Nimesh N Kampani	- Chairman & Managing Director
Mr. Ashith N Kampani	- Non executive Director
Mr. M R Mondkar (<i>upto March 31, 2010</i>)	- Independent and Non executive Director
Mr. E A Kshirsagar	- Independent and Non executive Director
Mr. D E Udawadia	- Independent and Non executive Director
Dr. Pravin P Shah	- Independent and Non executive Director
Mr. Paul Zuckerman	- Independent and Non executive Director
Dr. Vijay Kelkar (<i>from March 19, 2010</i>)	- Independent and Non executive Director

All the Independent Directors have confirmed to the Company that they qualify to be an independent director as per the definition of ‘Independent Director’ stipulated in Clause 49(I)(A)(iii) of the Listing Agreement. It is the practice of the Company to place such confirmation before the Board at its meeting.



a) Brief Profile of Directors

A brief profile of all the Directors of the Company, including those who are proposed to be appointed, the nature of their expertise in specific functional areas, the names of the public companies (*other than foreign companies, Section 25 companies and private companies that are not subsidiaries of a public company*) of which they hold directorships, memberships/chairmanships of board committees and their shareholding, if any, in the Company as on March 31, 2010 are given below.

Mr. Nimesh N Kampani:

Mr. Nimesh N Kampani, aged 63 years, is a fellow member of Institute of Chartered Accountants of India.

Mr. Kampani is the founder and Chairman of JM Financial Group. In his career spanning more than three and a half decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially, capital raising and mergers & acquisitions.

Some of the significant positions held in industry bodies by Mr. Kampani are:

- Member of the National Council of Confederation of Indian Industry (CII)
- Member of the National Executive Committee and Steering Committee of Federation of Indian Chambers of Commerce and Industry (FICCI)
- Member on the Governing Board of the Centre for Policy Research
- Member on the Bloomberg Asia Pacific Advisory Board
- Member on the Advisory Board of Rieter India Private Limited

Mr. Kampani has served as a member on several important committees constituted by Securities and Exchange Board of India (SEBI), the National Stock Exchange of India Limited (NSE), the Bombay Stock Exchange Limited (BSE), FICCI, CII and Institute of Chartered Accountants of India. He was a member of the Primary Market Advisory Committee of SEBI and also a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre. He has served as the Chairman of the CII's National Committee on Capital Markets and has also been a member of the Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India.

Mr. Kampani is on the Board of the following other public companies:

- Apollo Tyres Limited
 - Britannia Industries Limited
 - Deepak Nitrite Limited
 - KSB Pumps Limited
 - Kampani Consultants Limited
 - JM Financial Consultants Private Limited
 - JM Financial Services Private Limited
 - JM Financial Securities Private Limited
- } Subsidiaries of a public company
(JM Financial Limited)



Mr. Kampani is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
Britannia Industries Limited	Chairman	Member
KSB Pumps Limited	Chairman	—
JM Financial Services Private Limited	Chairman	—

Mr. Kampani held 135,357,500 equity shares in the Company as on March 31, 2010.

Mr. Ashith N Kampani

Mr. Ashith N Kampani, aged 46 years, has over 29 years of experience in the Indian capital markets.

During these 29 years, he has been servicing various segments including Retail, High Net Worth Individuals, Corporates and Institutional Investors globally of Investment Banking and Broking business of the JM Financial Group.

Mr. Ashith N Kampani, who is a younger brother of Mr. Nimesh N Kampani, began his career with the family's stock broking firm in 1982, and then, from 1991 to 2007, he has been engaged in various group ventures including his stint with JM Financial's Institutional equity broking joint venture with Morgan Stanley.

Currently he looks after the business development for the Group. Presently, he is not on the Board of any other public company.

Mr. Ashith N Kampani is also a member of the managing committee of the Bombay Chamber of Commerce and Industry, and is the 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.

Mr. Ashith N Kampani held 275 equity shares in the Company as on March 31, 2010.

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

Mr. M R Mondkar (upto March 31, 2010)

Mr. M R Mondkar, aged 79 years, is a Law Graduate.

Mr. Mondkar has held various prestigious positions in organisations such as ICICI Limited and J. M. Financial & Investment Consultancy Services Private Limited (JMFICS).

He was involved in setting up the merchant banking division of ICICI Limited in 1972-73. He was also instrumental to setting up of Housing Development Finance Corporation Limited (HDFC) on behalf of ICICI Limited which was then the promoter of HDFC. He was the President of JMFICS between 1992 and 1996.

He is currently a Member of the Listing Committee of the National Stock Exchange of India Limited.



Mr. Mondkar was also on the Board of JM Financial Products Private Limited till March 31, 2010 (*a material subsidiary of the Company*). He was also a member and the chairman of the Audit Committee of JM Financial Products Private Limited.

Mr. Mondkar did not hold any equity shares in the Company as on March 31, 2010.

Mr. E A Kshirsagar

Mr. E A Kshirsagar, aged 68 years, is a fellow member of the Institute of Chartered Accountants (India, and England & Wales).

Mr. Kshirsagar is a specialist in corporate strategy and structure, disinvestments – central/state government, private sector. He was associated with the management consultancy division of A F Ferguson for over three decades and retired in 2004 as a Director-in-Charge.

Mr. Kshirsagar is on the Board of the following other public companies:

- Batliboi Limited
- HCL Infosystems Limited
- Merck Limited
- Rallis India Limited
- Tata Chemicals Limited

Mr. Kshirsagar is a chairman/member of the following Board Committees of other companies:

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

Mr. Kshirsagar did not hold any equity shares in the Company as on March 31, 2010.

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

Mr. D E Udwadia

Mr. D E Udwadia, aged 70 years, is a Solicitor and Advocate of the Bombay High Court and also a Solicitor of the Supreme Court of England. Mr. Udwadia is a founder partner of M/s. Udwadia & Udeshi, Solicitors & Advocates.

Mr. Udwadia was a partner of M/s. Crawford Bayley & Co., Solicitors & Advocates, for 20 years, prior to setting up the law firm, viz., M/s. Udwadia & Udeshi. He and his firm are the legal advisors to many Indian as well as multinational companies and foreign banks, having presence in India. Mr. Udwadia has spent more than four decades in active law practice and has vast experience and expertise in areas like corporate law, mergers, acquisitions and takeovers, corporate restructuring, foreign collaboration, joint ventures, project and infrastructure finance, telecommunications, international loan and finance-related transactions and instruments, real estate and conveyancing.

Mr. Udwadia is on the Board of the following other public companies:

- ABB Limited
- ADF Foods Limited
- AstraZeneca Pharma India Limited
- Bombay Burmah Trading Corporation Limited
- Development Credit Bank Limited
- Eureka Forbes Limited
- ITD Cementation India Limited
- MPS Limited
- Mechanalysis (India) Limited
- Nitesh Estates Limited
- Wyeth Limited
- WABCO-TVS (India) Limited
- JM Financial Consultants Private Limited – Subsidiary of a public company (JM Financial Limited)

Mr. Udwadia is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
ABB Limited	Member	Chairman
AstraZeneca Pharma India Limited	Member	—
Bombay Burmah Trading Corporation Limited	Member	—
Development Credit Bank Limited	Member	—
ITD Cementation India Limited	Member	—
MPS Limited	Member	—
Wyeth Limited	Member	—
WABCO-TVS (India) Limited	Member	—
JM Financial Consultants Private Limited	Member	—

Mr. Udwadia did not hold any equity shares in the Company as on March 31, 2010.



Dr. Pravin P Shah

Dr. Pravin P Shah, aged 66 years, is a member of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. Dr. Shah holds Ph.D. in Finance.

Dr. Shah is a Senior Partner of M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 40 years of experience (including 6 years in the United States of America) in the areas of financial consultancy, corporate structuring/restructuring, taxation, management consultancy, valuation, property matters and accounting. He has contributed several technical papers at conferences and published books and articles in India and United States of America on the above mentioned subjects.

Dr. Shah is on the Board of following other public companies:

- Adani Enterprises Limited
 - Claris Lifesciences Limited
 - Bombay Rayon Fashions Limited
 - Raheja Universal Limited
 - Jai Corp Limited
 - Milestone Capital Advisors Limited
 - JM Financial Consultants Private Limited
 - JM Financial Services Private Limited
- } Subsidiaries of a public company
(JM Financial Limited)

Dr. Shah is a chairman/member of the following Board Committees of other companies:

Name of the Company	Audit Committee	Shareholders' Grievance Committee
Adani Enterprises Limited	Member	—
Claris Lifesciences Limited	Chairman	—
Bombay Rayon Fashions Limited	Chairman	—
Raheja Universal Limited	Chairman	Chairman
JM Financial Consultants Private Limited	Member	—
Milestone Capital Advisors Limited	—	Member

Dr. Shah did not hold any equity shares in the Company as on March 31, 2010.

Mr. Paul Zuckerman

Mr. Paul Zuckerman, aged 65 years, holds a Ph.D in Agricultural Economics from Reading University, United Kingdom.

Mr. Zuckerman is the Chairman & CEO of Zuckerman & Associates Limited. He has been associated with various international organisations, including the World Bank and International Institute of Tropical Agriculture, Ibadan, Nigeria. He was the Vice Chairman, SG Warburg International, prior to its acquisition by UBS. In his capacity as the Vice Chairman then, he was closely associated with Indian companies in the early days of globalization.



Mr. Zuckerman is on the Board of following other public companies:

- Tech Mahindra Limited
- Great Eastern Energy Corporation Limited

Mr. Zuckerman is a member of the following Board Committees of other companies:

Name of the Company	Shareholders' Grievance Committee
Tech Mahindra Limited	Member
Great Eastern Energy Corporation Limited	Member

Mr. Zuckerman did not hold any equity shares in the Company as on March 31, 2010.

Dr. Vijay Kelkar (from March 19, 2010):

Dr. Vijay Kelkar, aged 68 years, holds a doctorate in development economics from the University of California at Berkeley. Dr. Kelkar is the former Finance Secretary to the Government of India.

He has held many senior level positions in the Government of India including the most recent position as the Chairman of the Finance Commission; Advisor to Minister of Finance; Finance Secretary, Government of India; Secretary of Ministry of Petroleum & Natural Gas and Chairman of the Tariff Commission. He has also served in several key posts in international organisations such as Director and Coordinator of International Trade Division, UNCTAD, Switzerland and Executive Director for India, Sri Lanka, Bangladesh and Bhutan at the International Monetary Fund, United States of America.

He is currently the Chairman of India Development Foundation, India and Chairman of Forum of Federations, Canada. He is the Non executive Chairman of the National Stock Exchange of India Limited.

Dr. Kelkar is on the Board of following other public companies:

- National Stock Exchange of India Limited
- Tata Consultancy Services Limited
- JSW Steel Limited
- Lupin Limited
- Green Infra Limited

Dr. Kelkar did not hold any equity shares in the Company as on March 31, 2010.

b) Board Meetings and Procedures

The Company has been following the practice of holding at least six board meetings every year. During the year, the Company held nine board meetings. Out of these board meetings, four meetings; one in every quarter, included the agenda for review of the quarterly financial results of the Company. The maximum time-gap between any two consecutive meetings did not exceed four months.

The board meetings of the Company as well as of its subsidiaries are scheduled in advance and the notice of each such board meeting is given in writing to all the Directors. The Chief Financial Officer and other Senior Managerial Personnel are invited during the board meeting for making the required information available to the Directors. The Company Secretary usually sends the detailed agenda together with the relevant annexures to each of the Directors in advance. However, in special and exceptional circumstances, additional or supplementary items on the agenda are allowed to be considered with the permission of the Chairman. Urgent matters are also considered and approved by passing resolutions through circulation, which are noted at the next meeting of the Board.



The Company Secretary, in consultation with the Chairman and other relevant officers prepares the detailed agenda for the meetings. All the departments in the Company communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the board meetings. The Members of the Board are also free to recommend inclusion of any matters in the agenda for discussion. All material information is incorporated in the agenda to facilitate meaningful and focused discussions at the meetings. The Board has unfettered and complete access to information and to any of the employees within the Company.

The meetings of the Board of Directors are generally held at Mumbai in the same building where the registered office of the Company is situated. The average duration of the board meeting is approximately three to four hours.

The Board reviews, periodically, reports confirming compliance with the laws applicable to the Company as well as of its subsidiaries and steps taken by the Company to rectify instances of non-compliance, if any.

The Company has also laid down a procedure to inform Board Members about the risk assessment and minimisation processes. These processes are periodically reviewed to ensure that the executive management manages risk promptly and through a properly defined framework.

The following information as enumerated in Annexure 1A to Clause 49 of the Listing Agreement is placed before the Board at its meetings.

- Annual operating plans and budgets, capital budgets and updates, if any.
- Quarterly results of operating divisions or business segments.
- Minutes of meetings of audit, compensation and shareholders' grievance committees, as well as summaries of circular resolutions passed.
- Information on recruitment of senior managerial personnel in the Company, if any.
- Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- Occurrences of accidents or events such as fire, if any.
- Material default in financial obligations to and by the Company, if any.
- Issues that involve possible public or service liability claims of a substantial nature, if any.
- Details of any joint venture, acquisition of companies or businesses or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property, if any.
- Significant employee related problems, if any, and their proposed solutions.
- Sale of investments, subsidiaries and assets, if any, which are not in the normal course of business.
- Details of foreign exchange exposure, if any.
- Non-compliance, if any, of regulatory, statutory or listing requirements as well as investor services such as non-payment of dividend and delays in share transfers.

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

- Business review for the period between two board meetings.
- Minutes of the meeting of the Board of Directors of the operating subsidiaries.
- Details of any major events having an impact on the business operation, compliance and employees' related matters.
- Steps taken to ensure business continuity planning and ongoing initiatives.
- Risk update reports of group companies.
- Periodic presentation on the businesses of subsidiary companies.

The Company Secretary 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 meetings for the follow up and information of the Directors. The Company Secretary also places the gist of important amendments as and when they take place in various laws applicable to the Company together with the implications of such amendments on the Company, its Directors and employees. The draft minutes of each board meeting are circulated to the Board Members for their comments, which are then incorporated by the Company Secretary. Thereafter the minutes are confirmed by the Directors at the next meeting of the Board. The minutes of each Board/Committee meeting are recorded in the Minutes Book as per the provisions of the Companies Act, 1956.

The board meetings were held on the following dates during the financial year 2009-10.

May 27, 2009	June 29, 2009	July 21, 2009
July 29, 2009	September 10, 2009	October 29, 2009
December 15, 2009	January 27, 2010	March 19, 2010

c) Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other directorships and chairmanships/memberships of committees of each Director in various companies

Name of the Director	No. of Board Meetings attended during the financial year 2009-10	Whether attended the AGM held on September 10, 2009	No. of Directorships in other Indian public companies as of March 31, 2010#	No. of other Committee positions held in other public companies* as of March 31, 2010	
				Chairman	Member
Mr. Nimesh N Kampani	4	No	8	3	1
Mr. Ashith N Kampani	9	Yes	0	0	0
Mr. M R Mondkar**	8	No	1	1	0
Mr. E A Kshirsagar	8	Yes	5	3	4
Mr. D E Udawadia	7	Yes	13	1	9
Dr. Pravin P Shah	9	Yes	8	4	3
Mr. Paul Zuckerman	4	No	2	0	2
Dr. Vijay Kelkar##	1	N.A.	5	0	0

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

The directorships held by Directors as mentioned above, do not include directorships of foreign companies, Section 25 companies and private companies that are not subsidiaries of public company.

** Mr. M R Mondkar, an Independent and Non executive Director, ceased to be a Director of the Company with effect from April 1, 2010.

Dr. Vijay Kelkar was appointed as Independent and Non executive Director on the Board of the Company with effect from March 19, 2010.



d) 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.jmfinancial.in. All the Board Members and the Designated 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

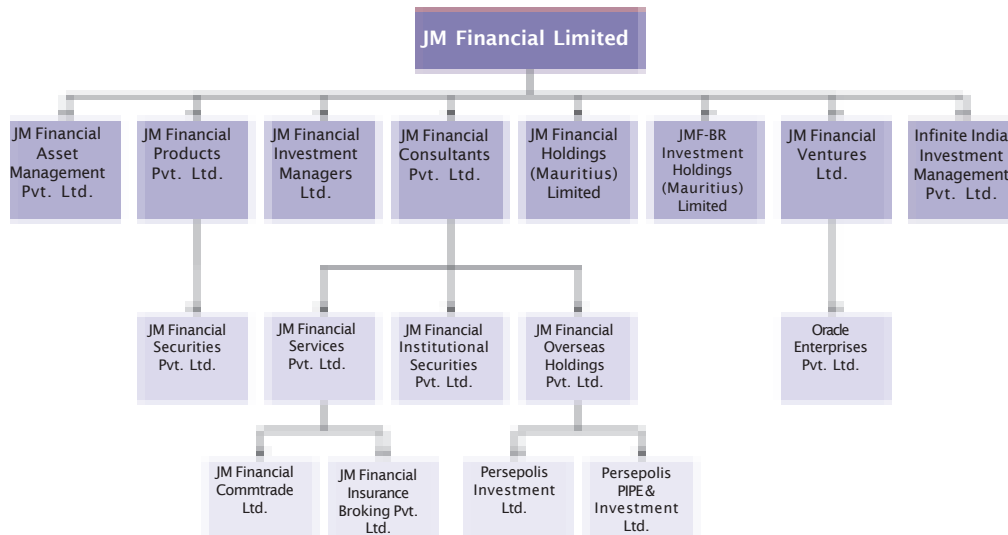
I confirm that the Company has obtained confirmation from all its Directors and Designated Senior Management Personnel that they have complied with the provisions of the Code of Conduct during the financial year 2009-10.

Place: Mumbai
Date: May 25, 2010

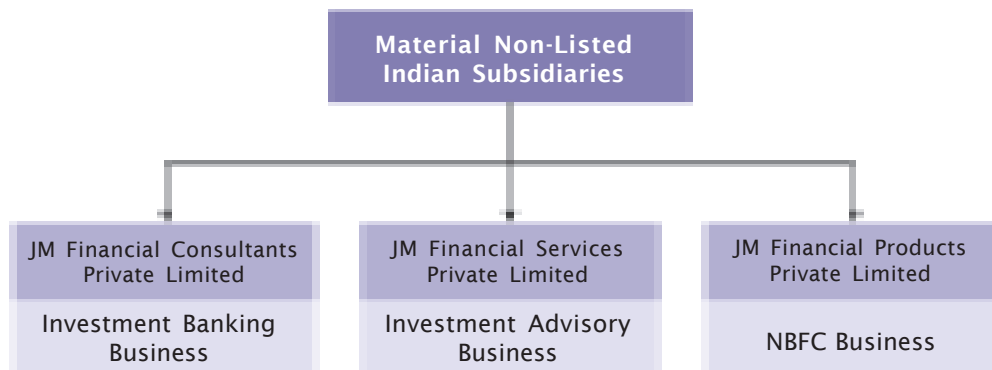
Nimesh N Kampani
Chairman & Managing Director

3. SUBSIDIARY COMPANIES

The Company has following subsidiary companies as on March 31, 2010.



Out of the aforesaid subsidiaries, following companies are material non-listed Indian subsidiaries of the Company:



In accordance with the provisions of the Listing Agreement, following Independent Directors of the Company were on the boards of these material non-listed Indian subsidiaries as on March 31, 2010:

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

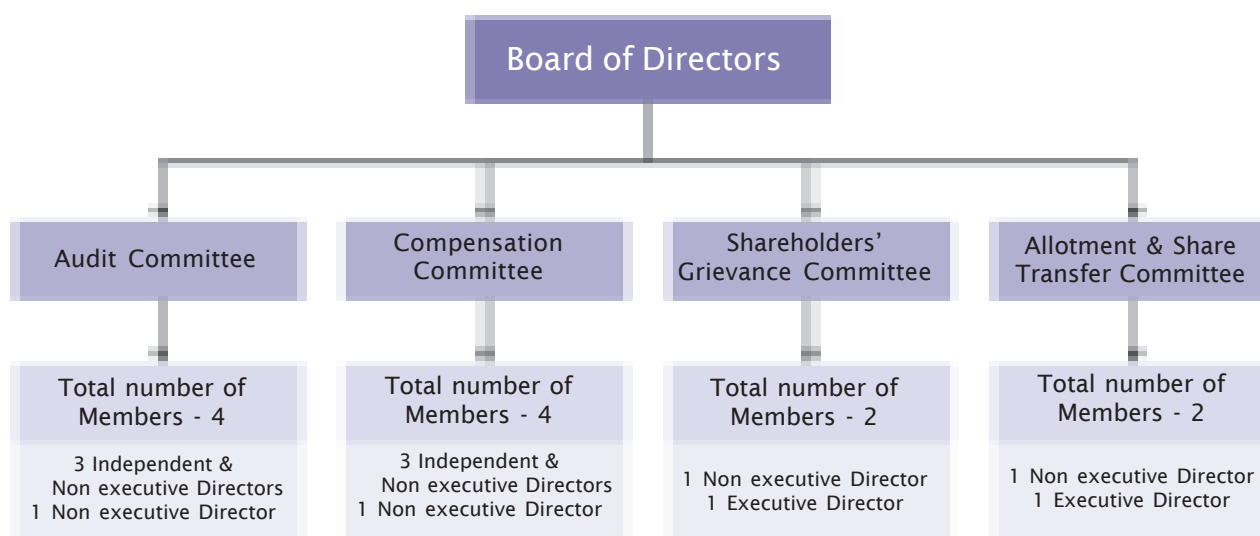
** Mr. Mondkar ceased to be the director of JM Financial Products Private Limited with effect from April 1, 2010. Mr. E A Kshirsagar, an Independent Director of the Company has been appointed as a director of JM Financial Products Private Limited with effect from May 10, 2010.

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

4. COMMITTEES CONSTITUTED BY THE BOARD

The Board of Directors of the Company has constituted following committees of the Board with specific terms of reference assigned to each such committee. The committees constituted are Audit Committee, Compensation Committee, Shareholders' Grievance Committee and Allotment & Share Transfer Committee.

This ensures that while the specialised functions of the Board are delegated to these committees, significant matters of policy and strategy are discussed and deliberated at length at the meeting of the Board of Directors.



VARIOUS COMMITTEES OF THE BOARD

5. AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee comprises the following Directors

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

** Mr. Mondkar ceased to be a Member of the Audit Committee with effect from April 1, 2010. Dr. Vijay Kelkar was appointed as a Member of the Audit Committee with effect from March 19, 2010.

The Company Secretary acts as the Secretary for the Audit Committee.

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

During the year the Audit Committee met five times. Not more than four months had elapsed between two such meetings. Details of meetings and attendance of each Member at such meetings are given below:

Name of the Members	May 27, 2009	June 29, 2009	July 29, 2009	October 29, 2009	January 27, 2010
Mr. E A Kshirsagar	Present	Present	Present	Leave of absence	Present
Mr. M R Mondkar	Present	Present	Present	Present	Present
Dr. Pravin P Shah	Present	Present	Present	Present	Present
Mr. Ashith N Kampani	Present	Present	Present	Present	Present

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

The Audit Committee has the following powers:

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

The Audit Committee performs the following functions:

1. Overseeing the financial reporting process and disclosure of the financial information to ensure that the financial statements are accurate, complete and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors, Internal Auditors and fixation of their remuneration.
3. Reviewing with the management, the annual/quarterly financial statements before submission to the Board for approval, with particular reference to
 - Matters required to be included in the Directors' Responsibility Statement in terms of Section 217 (2AA) of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Review of internal audit reports.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing agreement and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications, if any, in draft audit report.
 - Management representation letter
4. Reviewing with the management, the performance of Statutory and Internal Auditors and adequacy of internal control systems.
5. Discussion with Statutory and Internal Auditors on any significant findings and follow up thereon with the management.
6. Reviewing the financial statements, and in particular, the investments made by the unlisted subsidiaries of the Company.
7. Review of the Company's financial and risk management policies.
8. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.

Following information, among others, is also reviewed by the Audit Committee:

1. Statement of significant related party transactions.
2. Letters/Reports of internal control issued by the Internal and Statutory Auditors.

The minutes of the Audit Committee Meetings are placed before the Board. The Chairman of the Audit Committee briefs the Board Members about the significant discussions and the decisions taken at Audit Committee meetings.

6. COMPENSATION COMMITTEE

Composition of the Compensation Committee

The Compensation Committee comprises the following Directors:

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

Following are the terms of reference of the Compensation Committee:

1. Determination of the compensation policy on the remuneration of the Executive and Non executive Directors of the Company.
2. Deciding all matters relating to the remuneration/compensation of the senior employees of the Company or its subsidiaries and/or Executive/ Non executive Directors, the Manager, etc. from time to time.
3. Finalising and adopting the 'Employees Stock Option Scheme' (ESOS).
4. Determining the employees to whom the options may be granted, the time, vesting schedule, exercise period and price.

During the financial year 2009-10, one meeting of the Compensation Committee was held. Details of the said meeting and attendance of each of the members is given below:

Name of the Members	October 29, 2009
Mr. Nimesh N Kampani	Present
Mr. E A Kshirsagar	Leave of absence
Mr. D E Udwadia	Leave of absence
Dr. Pravin P Shah	Present

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

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

Remuneration of the Chairman & Managing Director

Mr. Nimesh N Kampani, the Chairman & Managing Director of the Company was paid remuneration during the financial year as per the terms and conditions of the Agreement entered into by the Company with Mr. Kampani. The Compensation Committee of the Board has decided the remuneration and the terms of the contract of the Managing Director. The details of the remuneration paid to Mr. Kampani during the financial year 2009-10 is given below:

Salary	Rs.30,00,000/-
Allowances	Rs.30,00,000/-
Perquisites	Rs.51,25,912/-

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

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

Remuneration of Non executive Directors

The details of the sitting fees and commission paid/payable and number of stock options held by the Non executive Directors of the Company during the financial year 2009-10 is given below:

Name of the Non executive Director	Commission (Rs.)	No. of Stock Options held	Sitting fees (Rs.)		
			Board	Audit Committee	Compensation Committee
Mr. Ashith N Kampani	4,50,000	—	1,80,000	1,00,000	N.A.
Mr. M R Mondkar	7,50,000	1,12,500	1,60,000	1,00,000	N.A.
Mr. E A Kshirsagar	9,00,000	1,50,000	1,60,000	80,000	—
Mr. D E Udawadia	7,50,000	1,50,000	1,40,000	N.A.	—
Dr. Pravin P Shah	7,50,000	1,50,000	1,80,000	1,00,000	10,000
Mr. Paul Zuckerman	4,50,000	75,000	80,000	N.A.	N.A.
Dr. Vijay Kelkar	4,50,000	—	20,000	N.A.	N.A.

During the financial year 2009-10, the Company paid Rs.46,575/- as professional fees to M/s. Udawadia & Udeshi, a legal firm, of which Mr. D E Udawadia is a founder partner. The Company also made a payment aggregating Rs.222,473/- as professional fees to M/s. Pravin P Shah & Co., a partnership firm, of which Dr. Pravin P Shah, is a senior partner. There were no other pecuniary relationships or transactions with the Non executive Directors, vis-à-vis, the Company.

Criteria for making payment to Non executive Directors

The Company has a credible and transparent procedure for determining and accounting for 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; and the position held by them as the Chairman of the Audit Committee and their role as Independent Directors on the Board and Audit Committee of the subsidiary companies together with the external competitive environment, track record, individual performance and performance of the Company as well as industry standards.

In the backdrop of growing complexities and increasing regulatory requirements, the Non executive Directors have contributed significantly to the meetings and given constructive and useful feedback pertaining to the business and operations of the Company. An aggregate amount of Rs.45 Lakh is proposed to be paid as commission to the Non executive Directors for the financial year 2009-10 as per individual allocation decided by the Board.

7. SHAREHOLDERS' GRIEVANCE COMMITTEE

Composition of the Shareholders' Grievance Committee

The Shareholders' Grievance Committee comprises the following Directors

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

**With effect from April 1, 2010, Mr. Mondkar ceased to be a Member of the Shareholders' Grievance Committee. Mr. Nimesh N Kampani has been appointed as a Member of the above Committee with effect from March 19, 2010.

With effect from April 1, 2010, Mr. Ashith N Kampani, has become the Chairman of the said Committee.

The Shareholders' Grievance Committee was constituted to redress the shareholders' complaints including grievances relating to transfer & transmission of shares, non-receipt of balance sheet, dividend, etc.

The Company Secretary of the Company acts as the Compliance Officer and takes the Committee through each of the grievances, the steps taken and the responses given by the Company to the shareholders/investors. During the year the Shareholders Grievance Committee met 4 times. Details of the meetings and attendance of each Member at such meetings are given below:

Name of the Members	April 24, 2009	June 29, 2009	October 29, 2009	January 27, 2010
Mr. M R Mondkar	Present	Present	Present	Present
Mr. Ashith N Kampani	Present	Present	Present	Present

Particulars of the number of complaints received and resolved by the Company during the financial year 2009-10 are given in the table below. No complaints were pending as on March 31, 2010.

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

Nature of complaints	Received (Nos.)	Resolved (Nos.)
Non-receipt of share certificates sent for transfer/transmission	7	7
Change of address	2	2
Non-receipt of annual report	1	1
Non-receipt of dividend	10	10
Non-receipt of duplicate/split/bonus shares	10	10
Total	30	30

8. ALLOTMENT & SHARE TRANSFER COMMITTEE

Composition of the Allotment & Share Transfer Committee

The Allotment & Share Transfer Committee comprises the following Directors

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

**Mr. Mondkar ceased to be a Member of the Allotment & Share Transfer Committee, with effect from April 1, 2010.

The Committee strives to meet twice in a month, sometimes more often, depending upon the requests received from shareholders regarding transfer of shares in physical form, in order to expeditiously dispose of the share transfer requests.

The Company Secretary of the Company acts as the Secretary of the Committee.

9. 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 are the Special Resolutions passed at the last three AGMs.

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary
September 6, 2007	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	3.30 p.m.	Yes	<ul style="list-style-type: none"> For holding an office or place of profit by Mr. Ashith N Kampani, a relative of Mr. Nimesh N Kampani pursuant to Section 314(1) of the Companies Act, 1956.
			Yes	<ul style="list-style-type: none"> Three Resolutions under Section 81 (1A) of the Companies Act, 1956 for increasing the number of stock options offered under ESOS.
July 25, 2008	Walchand Hirachand Hall 4th Floor Indian Merchants' Chamber Churchgate Mumbai - 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> Appointment of Mr. Nimesh N Kampani as the Managing Director of the Company.
			Yes	<ul style="list-style-type: none"> Payment of commission to the Non executive Directors of the Company between 1% and 3% of the net profits, per annum.
			Yes	<ul style="list-style-type: none"> Subdivision of equity shares of the face value of Rs.10/- each into 10 equity shares of face value of Re. 1/- each.
			Yes	<ul style="list-style-type: none"> Alteration of Memorandum of Association to reflect increase in authorised share capital.
			Yes	<ul style="list-style-type: none"> Alteration in Articles of Association.
September 10, 2009	Rama Watumull Auditorium Kishinchand Chellaram College Dinshaw Wachha Road Churchgate Mumbai - 400 020	3.30 p.m.	N.A.	<ul style="list-style-type: none"> No Special Resolution was passed.

No Special Resolution has been passed through postal ballot during the financial year 2009-10 and no Special Resolution is proposed to be passed through postal ballot at the ensuing AGM.

10. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year 2009-10, as per the requirements of Listing Agreement, is given in a separate section forming part of the Annual Report.

11. MEANS OF COMMUNICATION

The Company had 20,108 shareholders as on March 31, 2010. Out of the total number of shareholders, the individual shareholders were 19,022 representing 94.60 % of the total number of shareholders.

The main channel of communication to the shareholders is through the annual report which *inter alia* includes Directors' Report, Management Discussion and Analysis, Report on Corporate Governance, Shareholders' Information, Auditors' Report along with the financial statements, Balance Sheet abstracts and Financial Information of the Subsidiary Companies and Consolidated Financial Statements together with the Report of the Auditors thereon.

The AGM is the key medium for personal interaction with shareholders, where the Board answers the specific queries raised by the shareholders. The Board of Directors recognises its responsibility towards the shareholders and encourages open and active discussion with them.

The Company believes that regular communication with shareholders ensures that the Management's strategies and their objectives are being clearly understood. Details relating to quarterly performance and financial results are disseminated to the shareholders through the website of the Company. The financial results are also published in one English daily newspaper and one regional daily newspaper. The Company's website also displays all important official news releases.

The Company has adopted the practice of filing its annual report, quarterly results, shareholding pattern and other required filings suggested by SEBI through Corporate Filing and Dissemination System (CFDS), viz. www.corpfiling.co.in, pursuant to the provisions of Clause 52 of the Listing Agreement.

The Annual Report also contains a separate section on 'Shareholders' Information' which *inter alia* provides information relating to the date, time and venue of the AGM, distribution of shareholding, top 10 shareholders, high, low and monthly averages of the price of the Company's equity shares during the year and such other information as required under the Listing Agreement.

12. MANDATORY REQUIREMENTS

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

13. NON-MANDATORY REQUIREMENTS

The quarterly results are published on the Company's website and also sent to the shareholders on request. As regards the other non-mandatory requirements, the Board has taken note of the same and shall consider adopting the same at an appropriate time.

14. 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 issued by the Institute of Chartered Accountants of India as applicable.

c) Disclosures on Risk Management

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

d) Secretarial Audit Report

In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in 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 or strictures have been imposed on the Company by the stock exchanges, SEBI or any other regulatory authority, on any matter related to the capital markets, since the date of listing of equity shares.

f) Prevention of Insider Trading

The Company has framed its own Code for Prevention of Insider Trading which is applicable to the Directors and Designated Employees of the Company. The Code, inter-alia contains rules for the preservation of price sensitive information, pre-clearance of trade, monitoring, implementation of the Code of Conduct and Reporting requirements.