

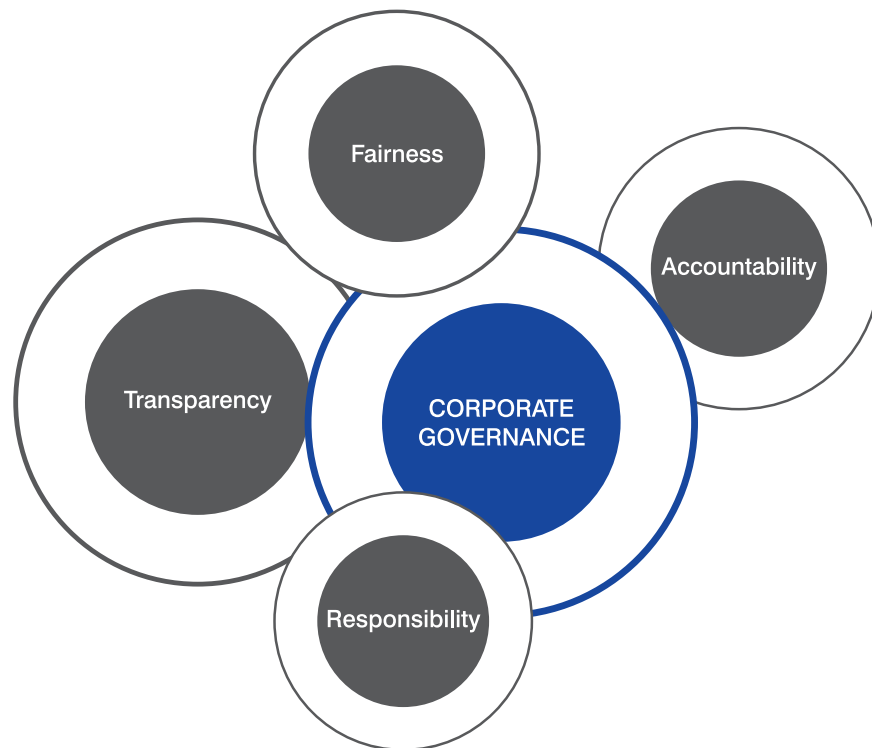
# REPORT ON CORPORATE GOVERNANCE

## 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 &amp; acquisitions.</p> <p>Mr. Kampani is currently:</p> <ul style="list-style-type: none"> <li>• Member of the National Council of Confederation of Indian Industry (CII)</li> <li>• Member of the CII National Council on Corporate Governance &amp; Regulatory Affairs</li> <li>• Member of the CII Task Force on Integrity and Transparency in Governance</li> <li>• Member of the Selection Committee for Identification of Chair Professors in</li> </ul>

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"> <li>• Member of the Governing Council of the Indian Institute of Capital Markets</li> <li>• Member on the Governing Board of the Centre for Policy Research</li> <li>• Member on the Advisory Board of VentureStudio promoted by Ahmedabad University</li> </ul> <p>Mr. Kampani has served as a member of the Primary Market Advisory Committee and the Corporate Bond &amp; 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 &amp; Wales.</p> <p>Mr. Kshirsagar has wide experience in Corporate Strategy &amp; Structure, Valuation, Feasibility Studies, Disinvestments, Mergers &amp; 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 &amp; Udeshi, Advocates &amp; 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 &amp; Argus Partners effective 1<sup>st</sup> April 2012. Prior to this, he was a partner of M/s. Crawford Bayley &amp; Co., Solicitors &amp; 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 &amp; 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 &amp; CEO of Zuckerman &amp; 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 &amp; 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 &amp; 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](http://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

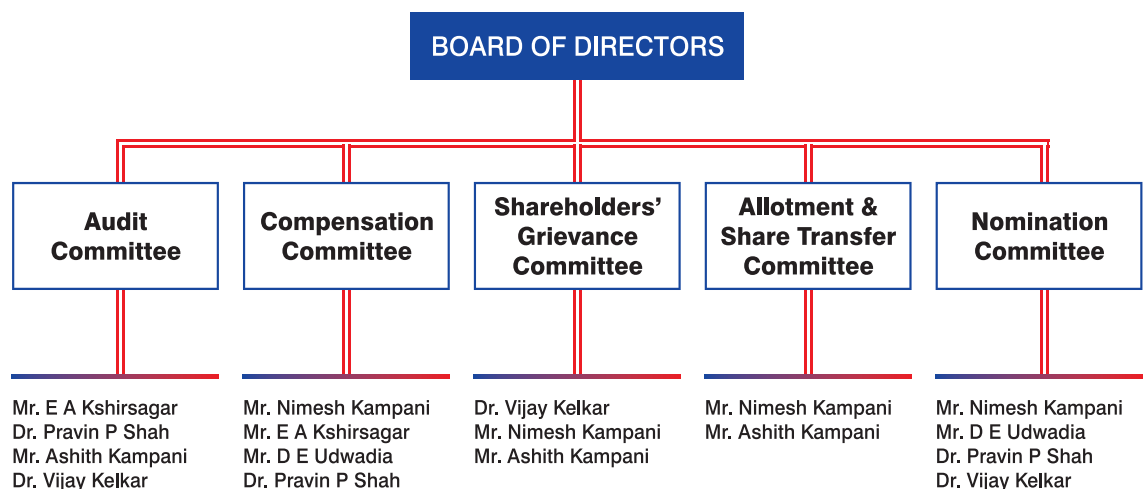
**Nimesh Kampani**

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	✓	✓	✓	✓	✓

**b. COMPENSATION COMMITTEE**

***Constitution of Compensation Committee***

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

***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	✓	✓

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.

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.

### **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**

<b>Name of the member</b>	<b>May 25, 2011</b>	<b>July 28, 2011</b>	<b>October 24, 2011</b>	<b>February 7, 2012</b>
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:

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

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 Udawadia (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 Udawadia (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](http://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](http://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](http://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](mailto: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.