



J. M. Share & Stock Brokers Ltd.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2002-03

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

In the current scenario, Corporate Governance assumes significant importance in the functioning of any organisation. Corporate Governance is not something which could be legislated. It has to be implemented and practised by each individual person. The Board of Directors of your Company ensures implementation of the effective Corporate Governance by following best practices and standards. Your Company has implemented international best practices and sound governance as means of effective control. It makes concerted efforts to enhance the shareholder value.

II. BOARD OF DIRECTORS

a. Composition of Board:

The Board of your Company comprises of eminent professionals having rich experience in the finance field. The Board functions as a full Board and through Committees constituted to oversee specific areas. As of March 31, 2003, the Board consisted of Mr.Nimesh N Kampani, Mr.Arunkumar R Gandhi, Mr. M R Mondkar and Mr.Ashith N Kampani. Out of the Directors on the Board as above not less than 50% of the Directors are Non-Executive and Independent.

All the above Directors have confirmed that they are not on the Board of any public companies, which have committed default under Section 274(1)(g) of the Companies Act, 1956.

None of the Directors is a member of more than 10 committees or a Chairman of more than 5 such committees.

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors for the year ended March 31, 2003 that may have potential conflict with the interests of your Company at large.

The names of the Directors, their attendance at Board Meetings and the number of other Directorships and Board Committee memberships held by them as at March 31, 2003 are given below:

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Name of Director	Category	No. of Board Meetings attended during the year 2002-03	Whether attended the last AGM held on August 30, 2002	No of other Directorships		No of other Committees on which Member/ Chairman**	
				Public	Private	Chairman	Member
Mr. Nimesh N Kampani	Non Executive Chairman	5	Yes	10*	7	2	2
Mr. Arunkumar R Gandhi	Independent and Non Executive Director	5	Yes	13	1	3	5
Mr. M R Mondkar	Independent and Non Executive Director	6	Yes	—	2	—	—
Mr. Ashith N Kampani	Independent and Non Executive Director	5	Yes	—	1	—	—

* includes Foreign Companies

** The committees considered for the purpose of determining the limit are; Audit Remuneration and Share Grieving committees.

b. Board Meetings:

There were six Board Meetings held on the following dates during the financial year 2002-03. The time interval between the two Board Meetings did not exceed four months:

May 30, 2002 August 30, 2002

June 26, 2002 October 23, 2002

July 26, 2002 January 23, 2003

Mr. M R Mondkar retires by rotation at the ensuing General Meeting. He offers himself for reappointment.

Mr. Mondkar holds a Bachelors degree in Science and a degree in law. He has been one of the Non-Executive Directors since 1997. Mr. Mondkar has held various prestigious positions in organisations like ICICI Ltd. and J. M. Financial & Investment Consultancy Services Limited in the past. Mr. Mondkar is the Chairman of the audit committee of your Company. He is also on the Board of J. M. Financial & Investment Consultancy Services Private Limited and Mondkar Computers Private Limited.



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III. COMMITTEES OF DIRECTORS

The Board has delegated specific matters to the committees of the Board set up for the purpose. These committees prepare the groundwork for decision making and report the same to the Board for its review and noting. The audit committee met three times during the year viz., June 26, 2002, October 23, 2002 and January 23, 2003.

a. Audit Committee

Composition

The Audit Committee comprises of three directors - Mr. M R Mondkar (Chairman), Mr. Nimesh N Kampani and Mr. Ashith N Kampani. Minutes of each audit committee meeting are tabled at and noted at the Board Meetings.

Brief description of terms of reference:

The Audit Committee provides direction to the audit and risk management function in the Company and monitors the quality of external audit. The role of the Audit Committee includes overseeing the financial reporting process to ensure proper disclosure in financial statements, recommending appointment/removal of external auditors and fixing their remuneration, reviewing the annual financial statements before submission to the Board, any changes in accounting policies and practices, major accounting entries, qualification in draft audit report, significant adjustment arising out of audit, the going concern assumption, compliance with accounting standards, stock exchange and legal requirements concerning financial statements, related party transactions that may have potential conflict of interest, review adequacy of internal control systems and findings of internal investigations, discussing the scope of audit with external auditors, post audit discussion to ascertain any area of concern, reviewing the Company's financial and risk management policies and looking into reasons of substantial defaults, if any, and the matter regarding for non-payment to shareholders and/or creditors, etc.

The audit committee met three times during the year viz., June 26, 2002, October 23, 2002 and January 23, 2003.

Sr. No.	Name of the Member	Category	Number of Meetings held during the year	Number of Meetings attended during the year
1	Mr. M R Mondkar	Non-Executive & Independent Director	3	3
2	Mr. Nimesh N Kampani	Non- Executive Director	3	3
3	Mr. Ashith N Kampani	Non-Executive & Independent Director	3	2

b. Shareholders'/Investors' Grievance Committee

The function of the Shareholders'/Investors' Grievance Committee includes redressal of shareholder and investor complaints regarding matters such as transfer of shares, non-receipt of dividends, dematerialisation/rematerialisation of shares, issue of duplicate/split certificates and other related matters. Share transfer formalities are attended once in a fortnight. The details of the share transfers are reported to the Board of Directors for its noting.

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i. Composition:

The composition of the Shareholders'/Investors' Grievance Committee is as under:

Name of the Director	Category of Directorship
Mr. M R Mondkar (Chairman)	Non-Executive
Mr. Ashith N Kampani	Non-Executive

ii. Compliance Officer:

Mr. P K Choksi, one of the authorised persons is named by the Board as the Compliance Officer.
141, Maker Chambers III, Nariman Point, Mumbai - 400 021

iii. Status of Complaints:

Your Company had received 76 letters from its shareholders/investors regarding non-receipt of Dividend/interest, Share Certificates duly management and other related matters during the year. All these letters have been responder to the satisfaction of the shareholders/ investors. As of March 31, 2003, no complaints were pending. No share transfer requests were pending as of the said date.

c. Remuneration Committee

The Board has not constituted the Remuneration Committee, as there is no executive director in the Company. The Non-Executive Directors are paid sitting fees of Rs.500/- per Board Meeting attended by them. The particulars of the sitting fees paid to them during the year 2002-03 are given below:

Name of the Director	Sitting Fees Paid during the year 2002-03 (Rs.)
Mr. Nimesh N Kampani	2500
Mr. Arunkumar R Gandhi	2500
Mr. M R Mondkar	3000
Mr. Ashith N Kampani	2500

IV. GENERAL BODY MEETINGS

i. Location and time where last three Annual General Meetings were held:

Financial Year	Date	Time	Resolution	Voting Pattern	Venue
2000	September 22, 2000	3.30 P.M.	Special	Show of hands	Kamalnayan Bajaj Hall Bajaj Bhavan, Nariman Point, Mumbai
2001	August 27, 2001	3.30 P.M.	Special	Show of hands	— do —
2002	August 30, 2002	3.30 P.M.	—	—	— do —



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ii. Postal Ballot

No resolution was required to be passed by means of postal ballot during the year.

V. MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

The year 2002-03 was one of the most challenging years for the Indian Capital Market. The Capital Markets in India witnessed major changes with the market regulators announcing various measures like shortening of the Settlement Cycle from T+3 to T+2, introduction of Straight Through Process(STP), permitted additional stocks for trading in derivative segment, sector wise indexes and uniform settlement. The global economic slowdown kept the Capital Market subdued for most part of the year. Since the Capital Market remained subdued, there were not many public issues during the year.

Opportunities and Threats

Being a Securities Company, its opportunities and threats would be more specific to the ones which apply to the Companies operating in the Capital Market.

Segment-wise or Product-wise performance

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

Outlook

Your Company is a Securities Company having investments in Shares / Securities of other Companies and Mutual Fund units. It continues to hold 49% equity stake in JM Morgan Stanley Securities Private Ltd. (JMMSSPL). JMMSSPL is a SEBI registered stock broker having the memberships of the National Stock Exchange of India Ltd. and The Stock Exchange, Mumbai. It caters to Institutional Investors. The outlook of your Company is dependent on the performance of JMMSSPL in which it holds substantial equity stake.

Risk and Concerns

Your Company ensures adherence to best practices and has necessary internal systems and controls in place to manage the risks. However, as stated in the previous year's report, your Company is not an operating Company and hence it is not exposed to the risks specific to the business operations risk.

Internal Control Systems and their adequacy

As stated in previous paragraph, your Company has appropriate and adequate internal control systems. The existing systems and procedures helps in identifying the potential issues and problems, if any.

Financial Performance

As can be observed from the financials, your Company has reported the Gross Income of Rs. 77.93 lacs as against Rs. 536.02 lacs for the previous year. The lower income is on account of lower dividend income of Rs.5.95 lacs as against the dividend income of Rs. 436.77 lacs in the previous year. A sum of Rs.47.53 lacs was realised on account of net capital gains on sale of investments. After accounting for an interest of Rs. 0.81 lacs (Previous year-Rs. 64.01 lacs) and the depreciation of Rs. 1.77 lacs (Previous year - Rs. 1.97 lacs), your Company's profit before tax stood at Rs. 3.70 lacs as against Rs. 160.90 lacs in the previous



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The Stock Exchange, Ahmedabad
Kamdhenu Complex, Opp. Sahajanand College,
Panjarapole, Ahmedabad - 380 015
The Delhi Stock Exchange Association Limited
DSE House, 3/1 Asaf Ali Road,
New Delhi - 110 002

It is proposed to delist your Company's equity shares from Ahmedabad and Delhi Stock Exchanges subject to necessary approvals.

The Company has paid the Annual Listing fees to each of the above Stock Exchanges for the financial year 2002-03

Stock Code

The Stock Exchange, Mumbai	523405
The Stock Exchange, Ahmedabad	28540
The Delhi Stock Exchange Association Ltd.	6021

Demat ISIN in NSDL and CDSL for equity shares INE780C01015

Market Price Information

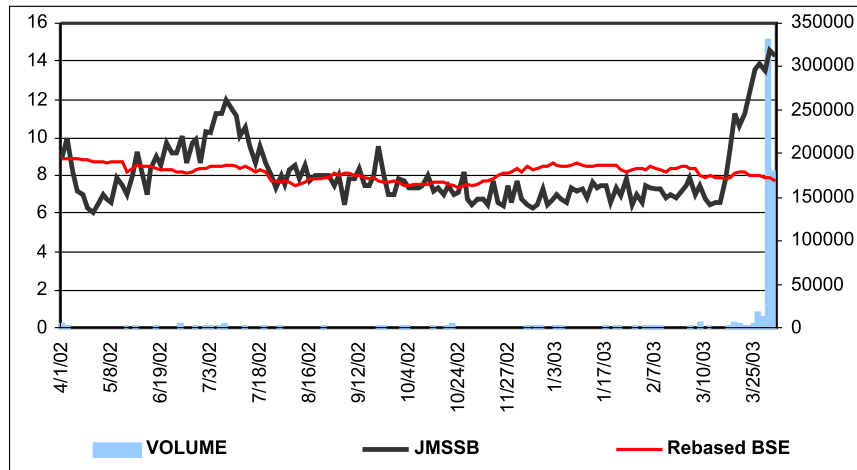
Details about monthly high and low of closing prices and volume of shares of your company traded on The Stock Exchange, Mumbai (BSE) are given below.

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April 2002	10	10.5	5.85	7	6415
May 2002	6.55	7.9	5.4	7.5	1500
June 2002	7	11	6.6	9.9	15525
July 2002	8.65	13.4	7.35	8	20350
August 2002	7.55	8.5	7.2	8	2784
September 2002	7.5	9.5	6.5	7.8	6100
October 2002	7.5	8	6.05	7.1	13950
November 2002	8.2	8.2	6.3	6.6	2702
December 2002	7.6	7.75	6.25	6.5	7300
January 2003	7	7.85	6.05	6.5	12405
February 2003	6.4	7.95	6	7.05	11793
March 2003	6.6	15.5	6.5	14.25	568057

Source: BSE data base

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The performance of the Company's equity share relative to the BSE Sensitive Index (Sensex) is given in the chart below.



Registrars and Share Transfer Agents:

MUMBAI OFFICE

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

Contact Person:
Ms Pallavi - Tel. No. 2288 4528
Counter Timings: 10.00 a.m. to 5.00 p.m.

ANDHERI OFFICE

Sharepro Services,
3rd Floor, Satam Industrial Estate,
Above Bank of Baroda,
Cardinal Gracious Road, Chakala,
Andheri (East), Mumbai - 400 099

Contact Person:
Mr. Raagesh - Tel Nos. 2821 5168
Counter Timings: 10.00 a.m. to 5.00 p.m.

Share Transfer System

The Company's investor related services are handled by Sharepro Services. The Share Transfer Committee Meetings are held on a fortnightly basis to consider the transfer of shares received by the Company. The equity shares of the Company are also being traded in electronic form. Physical share transfers are registered and the certificates thereof are returned within a stipulated period of time from the date of receipt, if the documents are complete and valid in all respects.



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Information on Shareholding

i. Distribution of Shareholding

No of Shares held	Shareholders		Shares	
	Nos.	%age	Nos.	%age
0- 500	7026	90.88	1330693	11.75
501-1000	459	5.94	358960	3.17
1001-2000	117	1.51	175705	1.55
2001-3000	41	0.53	97950	0.86
3001-4000	17	0.22	62049	0.55
4001-5000	17	0.22	77800	0.69
5001-10000	25	0.32	192300	1.70
10001 and above	29	0.38	9029543	79.73
Total	7731	100.00	11325000	100.00

ii. Categories of Shareholders

Category	No of Shares held	Amount paid up Rs.	% age of Total Capital
Public	2343314	23433140	20.68
Banks	200	2000	0.01
Non-Resident Indians	16850	168500	0.15
Bodies Corporate	7204086	72040860	63.61
Directors and their relatives	1760550	17605500	15.55
Total	11325000	*113250000	100.00

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

Dematerialisation of Shares and Liquidity

As of March 31, 2003, 77.73% of the Company's share capital was in dematerialised form. The Company's shares are frequently traded on The Stock Exchange, Mumbai.

87,68,224 shares representing 77.42% of the total shares have been dematerialised under NSDL Depository whereas 35,226 shares representing 0.31% of the total shares have been dematerialised under CDSL Depository.

Outstanding GDRs /ADRs /Warrants or any Convertible Instruments, conversion date and likely impact on equity - Not Applicable since no such instruments are outstanding.

Plant Locations - Not applicable

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

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

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CERTIFICATE

To the Members of

J. M. Share & Stock Brokers Limited

We have examined the compliance of conditions of Corporate Governance by J. M. Share & Stock Brokers Limited, for the year ended on March 31, 2003 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

We state that in respect of investor grievances received during the year ended 31st March, 2003, no visitor grievances are pending against the Company for a period exceeding one month as on 31st March, 2003, as per the records maintained by the Company and presented to the Investors'/Shareholders' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For & on behalf of

KHIMJI KUNVERJI & CO
Chartered Accountants

NILESH S VIKAMSEY
Partner

PLACE : MUMBAI
DATE : JUNE 23, 2003