

Report on Corporate Governance

Company's philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. While practicing good Corporate Governance, your Company strives to communicate in a truthful manner, all the material developments and its financial performance in a timely and meaningful manner without compromising its legitimate commercial interests. The Board of Directors of your Company has a fiduciary relationship and corresponding duty to all its stakeholders to ensure that their rights are protected. Through the Corporate Governance mechanism in the Company, the Board along with its Committees endeavours to strike the right balance with its various stakeholders. Your Company has been relentless in following the principles of Corporate Social Responsibility. Corporate Social Responsibility ensures the promotion of ethical values and setting up exemplary standards of ethical behaviour in our conduct with our business partners, colleagues, shareholders and general public i.e., abiding by the laws, showing mutual respect and acting with honesty and responsibility.

Board of Directors

The Board of Directors and its Committees provide leadership and guidance to the Company's Senior Executive team and directs, supervises and controls the performance of the Company. The composition of the Board of Directors is governed by the Companies Act, 1956, the Listing Agreement and the Articles of Association of the Company. The Board of Directors has seven members, all of whom are Non-Executive Directors. The Board comprises four Independent Directors, namely, Mr. M R Mondkar, Mr. E A Kshirsagar, Dr. Pravin P Shah and Mr. Darius E Udawadia. The Non-Executive Chairman of the Board is Mr. Nimesh N Kampani.

The Directors of the Company are eminent persons of proven competence and integrity. Besides having experience, leadership qualities and strategic thoughts, the Directors have a significant degree of commitment to the Company and devote adequate time for the Board Meetings. The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussion and consideration at Board Meetings.

Particulars of Directors to be reappointed at the ensuing Annual General Meeting

The brief particulars about the Directors to be reappointed, being the Directors retiring by rotation, at the ensuing Annual General Meeting are given below:

Mr. Nimesh N Kampani

Mr. Nimesh N Kampani is a Commerce Graduate from Sydenham College, and a qualified Chartered Accountant. Mr. Kampani is the founder and Chairman of JM Financial Group, one of India's leading financial services group, which has interests in investment banking, capital

markets, asset management, alternative assets and retail brokerage. In his career spanning more than three decades, he has made pioneering contributions to the development of Indian Capital Markets and has advised several corporates on their financial needs, especially capital raising and mergers & acquisitions. He is on the Board of several eminent public limited companies, which includes Apollo Tyres Limited, Britannia Industries Limited, Deepak Nitrite Limited, KSB Pumps Limited and Ranbaxy Laboratories Limited. Mr. Kampani is the Chairman of the CII's National Committee on Capital Markets and a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai a Regional Finance Centre. Mr. Kampani is a member of the SEBI Primary Market Advisory Committee and the Governing Council of the Indian Institute of Capital Markets. He is also on the Governing Board of the Centre for Policy Research. As of March 31, 2007, number of equity shares held by Mr. Kampani was 5,414,300 in the Company.

Mr. Ashith N Kampani

Mr. Ashith N Kampani holds a Bachelor's degree in Commerce from University of Mumbai. Mr. Kampani in his 25 years of experience in equity brokerage business has serviced all segments viz., Retail, HNI, Corporate and Institutions. Mr. Kampani began his career with the family's stock brokerage firm in 1982 and was associated with it till 1990. Mr. Kampani then worked with JSB Securities Limited/JM Financial Limited between 1991 and 1998 as Head of dealing. From 1999 to 2007, Mr. Kampani worked with Morgan Stanley India Company Private Limited (formerly known as JM Morgan Stanley Securities Private Limited), as Senior Vice President in the Institutional Equities Division, servicing institutional clients in Asia. Mr. Kampani continues to be part of JM Financial Group. As of March 31, 2007, number of equity shares held by Mr. Kampani was 7,611 in the Company.

Your Company had eight Board Meetings during the year under review, which were held on the dates given below:

April 21, 2006	July 27, 2006
April 25, 2006	October 16, 2006
June 1, 2006	January 31, 2007
June 29, 2006	February 22, 2007

The maximum time-gap between any two consecutive meetings did not exceed four months. The Board, on a need based basis, reviews the actions and decisions taken by it and by the Committees established by it. The particulars regarding the composition of Board, attendance of Directors at the Board Meetings during the financial year and at the last Annual General Meeting, the number of other directorships and memberships/chairmanships in public companies are as follows:

Name of the Director	Category	FY 2006 -07 attendance		No. of directorships in Other Companies		No. of Committee memberships held in other Public Companies*	
		Board Meeting	Last AGM	Public	Private	Member	Chairman
Mr. Nimesh N Kampani	Non-Executive Chairman	8	Yes	6	7	4	2
Mr. M R Mondkar	Independent & Non-Executive Director	7	Yes	--	2	--	--
Mr. Ashith N Kampani	Non-Executive Director	7	Yes	--	1	--	--
Mr. E A Kshirsagar	Independent & Non-Executive Director	8	Yes	3	2	4	2
Mr. Dilip Kothari	Non-Executive Director	4	No	1	2	--	--
Dr. Pravin P Shah	Independent & Non-Executive Director	5	Yes	5	8	4	1
Mr. D E Udwardia	Independent & Non-Executive Director	3	Yes	13	8	--	--

* The Committees considered for the purpose of arriving at the above numbers are Audit and Shareholders' Grievance Committee

None of the above Directors hold directorships in more than 15 public companies or is a Member of more than 10 Committees and Chairman of more than 5 Committees.

The Board of Directors of your Company considers at length the matters involving strategic planning and policy formulation. The agenda of the Board Meeting is sent to all the Directors in advance and contains the relevant information.

Code of Conduct

The Code of Conduct has been laid out for all the Board Members and designated Senior Executives of the Company. The Code of Conduct contains, inter alia, the policies on confidentiality and insider trading. All the Board Members and the designated Senior Executives have affirmed compliance with the Code of Conduct. A declaration signed by the Manager and Chief Financial Officer (CFO) to this effect is annexed at the end of this report.

Risk Management

Your Company recognises that risk management is a key element of business planning. It has undertaken an exhaustive exercise to identify key risk areas and controls across the entire organisation. This framework facilitates recognition and response to strategic, operational, financial and compliance risks faced by the Company including its subsidiaries and associates, across its operations. The Board and the Audit Committee of the Company are periodically informed about the material risks facing the Company and the steps taken to mitigate those risks.

Board Committees

The Board has constituted various Committees to focus on the critical functions of the Company viz., Audit Committee, Shareholders' Grievance Committee, Remuneration/Compensation Committee, Allotment & Share Transfer Committee and Investment Committee. The Board decides the scope of activities of these Committees. The meetings of these Committees are held on a periodical basis. The composition of these Committees is as under:

Audit Committee	Remuneration Committee	Shareholders' Grievance Committee	Allotment & Share Transfer Committee	Investment Committee
Mr. E A Kshirsagar	Mr. Nimesh N Kampani	Mr. M R Mondkar	Mr. Nimesh N Kampani	Mr. M R Mondkar
Mr. Ashith N Kampani	Mr. E A Kshirsagar	Mr. Ashith N Kampani	Mr. M R Mondkar	Mr. Dilip Kothari
Mr. M R Mondkar	Mr. Darius E Udwardia		Mr. Ashith N Kampani	
Dr. Pravin P Shah	Dr. Pravin P Shah			

Audit Committee

The Audit Committee consists of three Independent Directors and one Non-independent Director. Mr. E A Kshirsagar is the Chairman of the Audit Committee. The Statutory Auditors are invited to the meeting to bring out the issues that they may have with regard to the finance, operations and other allied matters. The Company Secretary acts as the Secretary to the Committee. The Company had five Audit Committee Meetings during the year under review. The particulars about the attendance of each of the members at the Audit Committee are given below:

Name of the Member	No. of Audit Committee Meetings attended
Mr. E A Kshirsagar	5
Mr. M R Mondkar	5
Mr. Ashith N Kampani	4
Dr. Pravin P Shah*	1

* Appointed as a member of the Audit Committee w.e.f. July 27, 2006

The terms of reference for the Audit Committee are as follows:

1. The scope of audit including the observations of the auditors and ensure compliance of internal control systems.
2. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are accurate, sufficient and credible.
3. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of Statutory Auditors.
4. Fixation of remuneration of the Statutory Auditors and approval for payment in relation to any other services rendered by them.
5. Reviewing, the quarterly and annual financial statements before submission to the Board for consideration, with particular reference to:-
 - a) Changes, if any, in accounting policies and practices and reasons for the same .
 - b) Major accounting entries involving estimates based on the exercise of judgment by management.
 - c) Significant adjustments made in the financial statements arising out of audit findings.
 - d) Compliance with the Accounting Standards.
 - e) Compliance with Listing Agreement and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications, if any, in the draft audit report.
 - h) The going concern assumption.
6. Reviewing the Company's financial and risk management policies.

The Minutes of the Audit Committee Meetings form part of Board Agenda papers circulated for Board Meetings.

Remuneration/Compensation Committee

Mr. Nimesh N Kampani, Mr. E A Kshirsagar, Mr. Darius E Udawadia and Dr. Pravin P Shah are the members of the Remuneration/Compensation Committee (the "Committee"). All the members of the Committee other than Mr. Nimesh N Kampani are independent directors.

The matters referred to the Committee, inter alia, includes formulation and administration of the Employee Stock Option Scheme (the "Scheme"), the review and grant of options to eligible Employees under the Scheme and to review and recommend the remuneration/compensation of the Senior Employees and/or Executive/Non-Executive Directors and the Manager, from time to time.

The details of the sitting fees and commission paid/payable to the Non-Executive Directors of the Company for the Financial Year 2006-07 are given below:

Name of the Director	Shareholding in the Company as on March 31, 2007	Commission* (In Rupees)	Sitting Fees paid during the year 2006-07 (In Rupees)	
			Board Meeting	Audit Committee Meeting
Mr. Nimesh N Kampani	5,414,300	200,000	40,000	--
Mr. M R Mondkar	Nil	500,000	35,000	15,000
Mr. Ashith N Kampani	7,611	500,000	35,000	12,000
Mr. E A Kshirsagar	Nil	600,000	40,000	15,000
Mr. Dilip Kothari	Nil	400,000	20,000	--
Dr. Pravin P Shah	Nil	400,000	25,000	3,000
Mr. D E Udawadia	Nil	400,000	15,000	--

*** Criteria for paying the commission:**

The elements of the remuneration package of Non-Executive Directors consist of sitting fees and commission. The payment of the annual commission to Non-Executive Directors is based, inter alia, on the number of Board and Committee Meetings attended by each of the Directors, the position held by them as the Chairman of the Board and of the Audit Committee and contribution made by them from time to time.

The aggregate amount of commission to the Directors is Rs. 3,000,000 for the Financial Year 2006-07. The commission amount as aforesaid is within 1% of the net profits of the Company.

Shareholders' Grievance Committee

The Committee, considers various issues relating to shareholders/investors including redressal of complaints/grievances relating to transfer of shares, non-receipt of Balance Sheet, dividend, etc., and takes steps for resolving complaints/queries of the shareholders/investors. The Committee met four times during the year on April 21, 2006; July 27, 2006; October 16, 2006 and January 31, 2007. The details about the attendance of each of the members of the Committee are given below:

Name of the Member	No. of Meetings attended
Mr. MR Mondkar	4
Mr. Ashith N Kampani	4

The particulars of the number of complaints/queries received and resolved by the Company during the Financial Year 2006-07 is given in the table below. No complaints were pending as of March 31, 2007. A break-up of the number of complaints/queries received and its nature is given below:

Nature of Complaints/Queries	No. of Complaints/Queries received and resolved to the satisfaction of shareholders
Request for Information relating to tradable warrants	1
Non-receipt of Debenture Redemption Proceeds	10
Non-receipt of share certificates sent for transfer	14
Complaints relating to issue of duplicate share certificates	10
Non-receipt of confirmation of Change of Address	1
Non-receipt of Annual Reports and/or Dividend	38
Total	74

Mr. P K Choksi, Company Secretary is acting as the Compliance Officer to monitor the share transfer process and other related matters.

Subsidiary Companies

The minutes and financial statements of subsidiary companies along with statement of significant transactions and arrangements, if any, are placed before the Board of Directors for their information and noting.

General Body Meetings

All resolutions moved at the last Annual General Meeting were passed by a show of hands with the requisite majority of members attending the meeting. The following are the Special Resolutions passed at the last three years General Meetings of the Company.

Venue, date and time of Annual General Meeting (AGM) / Extraordinary General Meeting (EGM)

AGM/EGM held on	Venue	Time	Whether Special Resolution passed	Summary of matters involved under Special Resolution
August 2, 2004	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai 400 021	3.30 p.m.	Yes	<ul style="list-style-type: none"> Change in Name of the Company.
July 6, 2005	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	3.30 p.m.	Yes	<ul style="list-style-type: none"> Payment of Commission to the Directors of the Company up to 3% of the profits per annum.
November 4, 2005 EGM	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	11.30 a.m.	Yes	<ul style="list-style-type: none"> Alteration of the Articles of Association. Issue, in aggregate, of up to 4,200,000 equity shares on a preferential basis. Increase in limit of foreign investment up to 40% of paid up capital of the Company.
February 15, 2006 Court Convened General Meeting	Y B Chavan Centre General Jagannath Bhosale Marg Mumbai - 400 021	3.30 p.m.	Yes	<ul style="list-style-type: none"> Scheme of Amalgamation of J. M. Securities Private Limited with JM Financial Limited.
June 1, 2006 EGM	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	4.00 p.m.	Yes	<ul style="list-style-type: none"> Issue of up to 2,101,667 equity shares on a preferential basis. Appointment of the Manager.
September 7, 2006	Kamalnayan Bajaj Hall Nariman Point Bajaj Bhavan Mumbai - 400 021	4.00 p.m.	Yes	<ul style="list-style-type: none"> Payment of Commission to the Directors of the Company between 1% and up to 3% of the profits per annum. Three Resolutions under Section 81(1A) for issue of shares under Employees Stock Option Scheme.

Postal Ballot

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

Management Discussion and Analysis

The Report of Management Discussion and Analysis forms part of this Annual Report. It is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

Disclosures

- During the year under review besides the transactions mentioned elsewhere in the Annual Report, there were no other related party transactions by the Company with its promoters, directors, management and subsidiaries leading to a potential conflict with the interests of the Company at large.
- The Audit Committee is briefed of the related party transactions undertaken by the Company in the ordinary course of business, material individual transactions and such other material individual transactions with related parties or others.
- The Company has complied with various rules and regulations prescribed by Stock Exchanges, Securities and Exchange Board of India or any other statutory authority relating to the capital markets during the last three years. No penalties or strictures have been imposed by the Regulatory Bodies on the Company.
- The Company follows Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.
- In accordance with Clause 49 (V) of the Listing Agreement pertaining to CEO/CFO certification, Mr. Manish Sheth, Manager & Chief Financial Officer, has furnished certificate to the Board for the Financial Year ended March 31, 2007.
- In line with the requirements of SEBI, Secretarial Audit is carried out on a quarterly basis by a firm of practicing Company Secretaries to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL) and 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.

Means of Communication

The Quarterly/Half Yearly Annual Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and are published in the newspapers. The said results are also displayed on the website of the Company (www.jmfinancial.in). The information regarding the performance of the Company is shared with the shareholders through the Annual Report. The Company also regularly uploads the information as specified under Clause 51 of the Listing Agreement on the Electronic Data Information Filing and Retrieval System (EDIFAR) launched by SEBI.

General Shareholders' Information

Annual General Meeting:

Date and Time	:	September 6, 2007 at 3.30 pm
Venue	:	Kamalnayan Bajaj Hall, Bajaj Bhavan, Nariman Point, Mumbai 400 021
Financial Year	:	1 st April to 31 st March.
Dates of Book Closure	:	August 30, 2007 to September 6, 2007 (Both the days inclusive)
Dividend Payment Date	:	September 7, 2007

Listing on Stock Exchanges	: Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233 / 4 Fax: 91 22 2272 3719 www.bseindia.com
	National Stock Exchange of India Limited (NSE) Exchange Plaza Plot No.C-1, G Block, Bandra-Kurla Complex Bandra (East), Mumbai - 400 051 Tel.: 91 22 2659 8235 / 36 Fax: 91 22 2659 8237 www.nseindia.com
Listing fees	: The Company has paid the Annual Listing fees to the BSE and NSE for the Financial Year 2007-08 as per the Listing Agreement.
ISIN Number	: INE780C01015
BSE Code	: 523405
NSE Symbol	: JMFINANCIL
Registered Office	: 141, Maker Chambers - III Nariman Point, Mumbai - 400 021
Registrars and Share Transfer Agents:	Sharepro Services (India) Private Limited
Investor Relation Centre	912, Raheja Centre Free Press Journal Road Nariman Point, Mumbai - 400 021 Contact Person: Mr. D B Anchan Tel.: 91 22 2288 1568/69 91 22 2282 5163 Counter Timings: On weekdays 10.00 a.m. to 5.00 p.m. On Saturdays 10.00 a.m. to 4.00 p.m.
Main Office	3rd Floor, Satam Industrial Estate Above Bank of Baroda Cardinal Gracious Road, Chakala Andheri (East), Mumbai - 400 099 Contact Person: Mr. Gopal Poojari/Ms.Indira Karkera Tel No. 91 22 2821 5168/69 Counter Timings: On weekdays 10.00 a.m. to 5.00 p.m. On Saturdays 10.00 a.m. to 4.00 p.m.
Plant Locations	: Not Applicable
Address for Correspondence	: 141, Maker Chambers III Nariman Point Mumbai - 400 021

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

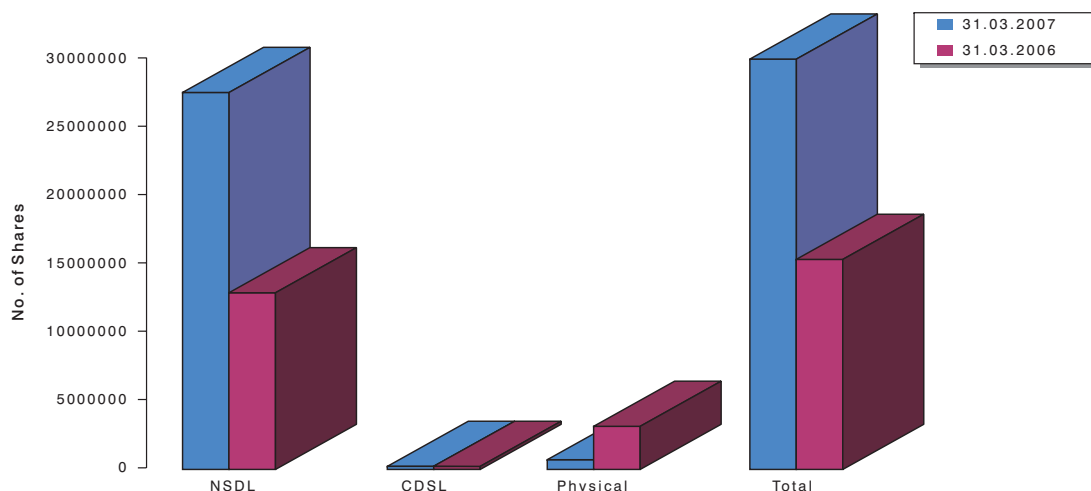
As required under Clause 47(c) of the Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), a certificate is obtained every six months from a practicing Company Secretary, confirming that the requests for transfer, transmission, sub-division, consolidation, renewal and exchange of equity shares have been effected within one month of their lodgement subject to all the documents being in order. The said certificate is forwarded to BSE and NSE, within the stipulated time period.

Dematerialisation of Shares : All requests for dematerialisation of shares are processed and confirmed to the depositories, viz., NSDL and CDSL, within 21 days. The particulars of dematerialisation of shares are reported to the Board for its noting.

Shares in Dematerialised Mode: As of March 31, 2007, 29,454,275 equity shares representing 98.18% of the Company's Share Capital were held in electronic mode.

Out of the above shares in electronic mode, 29,283,566 equity shares representing 97.61% have been dematerialised under NSDL whereas 170,709 shares representing 0.57% have been dematerialised under CDSL.

Comparison chart giving the break up of shares held in physical and dematerialised mode as of March 31, 2007 as compared with that of March 31, 2006:



Stock Market data relating to the shares:

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

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April 2006	505.00	650.00	480.00	631.75	493,514
May 2006	622.50	845.00	622.50	710.55	652,949
June 2006	710.00	720.00	437.10	544.05	172,365
July 2006	549.00	717.40	474.60	700.45	193,313
August 2006	707.10	957.00	640.00	743.75	784,044
September 2006	749.70	900.00	725.00	783.75	781,977
October 2006	794.70	817.00	715.00	771.55	258,379
November 2006	779.70	877.00	746.00	760.90	292,603
December 2006	765.00	848.65	722.50	816.90	158,448
January 2007	822.00	895.00	745.00	815.55	152,606
February 2007	759.50	1,146.00	759.50	937.85	585,217
March 2007	935.00	1,040.00	850.00	989.10	241,442

Source: www.bseindia.com

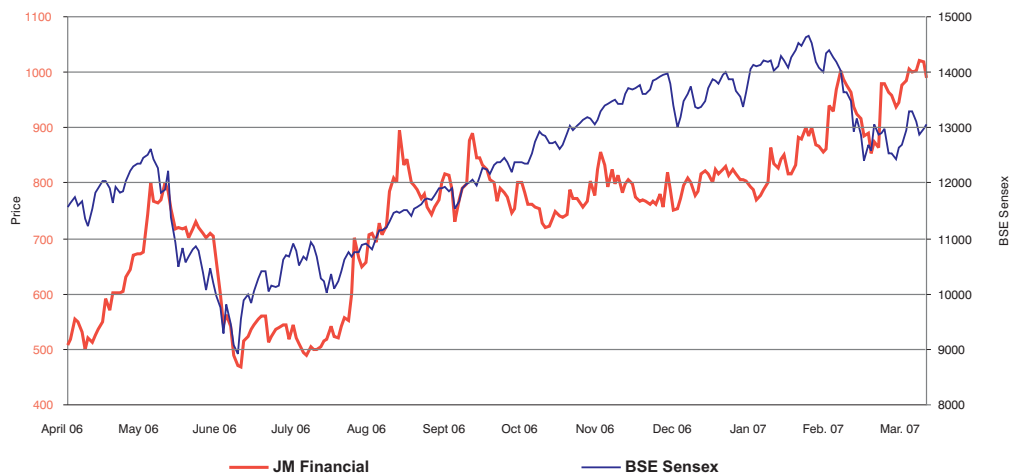
Details about monthly open, high, low and close prices and volume of shares traded on NSE are given below:

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
October 2006	793.00	820.00	713.00	771.15	36,311
November 2006	790.95	900.00	742.10	758.80	98,820
December 2006	797.95	848.00	730.00	808.70	61,022
January 2007	780.15	899.90	749.20	819.95	56,492
February 2007	775.00	1,149.00	809.00	936.40	460,268
March 2007	921.00	1,085.00	854.50	1,003.85	205,411

Source: www.nseindia.com

Note: The equity shares of the Company were listed on NSE with effect from October 10, 2006

The performance of the Company's equity shares vis-à-vis the BSE Sensitive Index (Sensx) is depicted in the chart below:



Source: www.bseindia.com

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



Source: www.nseindia.com

Information about Shareholding as of March 31, 2007:

I. Distribution of Shareholding:

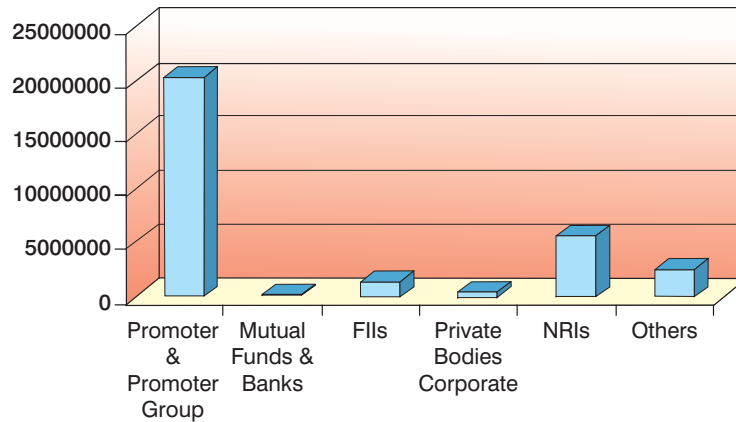
Number of Shares held	Shareholders		Shares	
	Nos.	% age	Nos.	% age
1- 500	5562	90.20	814,037	2.72
501- 1000	332	5.38	263,608	0.88
1001- 2000	119	1.93	177,836	0.59
2001- 3000	41	0.67	103,045	0.34
3001- 4000	21	0.34	75,204	0.25
4001- 5000	17	0.28	78,866	0.26
5001-10000	34	0.55	242,139	0.81
10001 and above	40	0.65	28,245,265	94.15
	6166	100.00	30,000,000	100.00

II. Category of Shareholders:

Category	Number of Shares held	Amount paid up Rs.	% age to the Total Issued Capital
Promoters:			
Bodies Corporate	12,125,964	121,259,640	40.42
Directors and their relatives	8,081,111	80,811,110	26.94
	20,207,075	202,070,750	67.36
Non Promoters:			
Mutual Funds & Banks	113,293	1,132,930	0.38
Foreign Institutional Investors (FIIs)	1,341,436	13,414,360	4.47
Bodies Corporate	433,504	4,335,040	1.45
Non-Resident Indians	23,767	237,670	0.08
Non-Resident Investors	5,426,667	54,266,670	18.09
Public	2,454,258	24,542,580	8.17
	9,792,925	97,929,250	32.64
Total	*30,000,000	* 300,000,000	100.00

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

Distribution of Shareholding as on March 31, 2007



Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity : None since the Company has not issued any such instruments.

Compliance Certificate of the Statutory Auditors : Certificate from the Statutory Auditors of the Company, M/s. Khimji Kunverji & Co., confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed and forms part of the Annual Report.

A declaration signed by the Manager & Chief Financial Officer as obtained is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Executives, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2006-07.

Manish Sheth

Manager & Chief Financial Officer

To the Members,
JM Financial Limited

We have examined the compliance of conditions of corporate governance by JM Financial Limited, for the year ended on March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

We state that no investor grievance(s) are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance Committee.

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

For & on behalf of
Khimji Kunverji & Co
Chartered Accountants

SHIVJI KVIKAMSEY
Partner

Place : Mumbai
Date : June 29, 2007