
Report on Corporate Governance

Corporate Governance has evolved over the years as a fundamental component of business process for every corporate entity. Far from the amorphous existence corporate governance once entailed, it has evolved into a firm set of guidelines that are aimed at ensuring that companies maintain a firm commitment to values and an ethical business conduct, irrespective of its business segment, geography or culture.

Clause 49 of the Listing Agreement executed with the Stock Exchange(s), inter alia, lays out several corporate governance related requirements, which listed companies are required to adopt and follow. While most of the practices laid out in Clause 49 require mandatory compliance, others are recommendatory in nature. This Report sets out to define the governance practice followed by the Company.

I. Our philosophy

The Company places utmost emphasis on achieving the highest level of transparency, accountability and fairness in all facets of its operations and dealings with all its stakeholders. The Company has been relentless in practising the following core governance principles:

- To demonstrate the highest level of accountability by the employees in relation to their respective areas of work.
- To maintain the highest standard of transparency in its interactions and dealings with all its constituents.
- To ensure timely disclosure and dissemination of price sensitive information and matters of interest to its stakeholders.
- To ensure compliance with all applicable laws and regulations.
- To conduct its business in an ethical manner.

II. Board of Directors (“the Board”)**Mr. Nimesh N Kampani**

Mr. Nimesh N Kampani, aged 62 years, B.Com, FCA (Fellow Member of the Institute of Chartered Accountants of India) is the founder and Chairman of the JM Financial Group, one of India's leading financial services organisation. The Group, founded in 1973, has interests in investment banking, institutional securities, asset management, fixed income securities & related financing activities and retail brokerage. In his career spanning more than three and a half decades, he has made pioneering contributions towards the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially capital raising and mergers & acquisitions.

Mr. Kampani has over the years, served as a member of several important committees constituted by the Securities and Exchange Board of India, Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Institute of Chartered Accountants of India. He has also served as a member of the High Power Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre. The list of various organisations and committees, where he is a member is given below:

- National Council of Confederation of Indian Industry (CII).
- Federation of Indian Chambers of Commerce & Industry (FICCI).
- CII's National Committee on Capital Markets - Chairman.
- Primary Market Advisory Committee of the Securities and Exchange Board of India.
- Governing Council of the Indian Institute of Capital Markets.
- Advisory Panel on Financial Regulation and Supervision of the Committee on Financial Sector Assessment constituted by Reserve Bank of India.
- Bloomberg Asia Pacific Advisory Board.
- Advisory Board of Rieter India Private Limited.

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

- Apollo Tyres Limited
- Britannia Industries Limited
- Deepak Nitrite Limited
- KSB Pumps Limited
- Ranbaxy Laboratories Limited
- Kampani Consultants Limited

Mr. Kampani is also a member of the following committees of the Board of other public companies:

Name of the Company	Audit	Shareholders' Grievance
Britannia Industries Limited	Chairman	Member
KSB Pumps Limited	Chairman	-
Ranbaxy Laboratories Limited	Member	-

As on March 31, 2008, Mr. Kampani holds 5,414,300 equity shares of the Company.

Mr. M R Mondkar

Mr. M R Mondkar, aged 77 years, a graduate in Science and Law has held various prestigious positions in organisations like ICICI Limited and J. M. Financial & Investment Consultancy Services Private Limited (JM FICS). He was involved in setting up the merchant banking division of ICICI Limited in 1972-73. He was also involved in setting up of Housing Development Finance Corporation Limited (HDFC) on behalf of ICICI Limited which was then the promoter of HDFC. He was associated with JM FICS as President from 1992 to 1996. He is a Member of the Listing Committee of the National Stock Exchange of India Limited.

As on March 31, 2008, Mr. Mondkar does not hold any equity shares of the Company.

Mr. Ashith N Kampani

Mr. Ashith N Kampani, aged 44 years, a Commerce Graduate from the University of Mumbai has 27 years of experience in equity broking and has serviced all segments - retail, high net-worth individuals, corporates and institutions. He began his career with the family's stock brokerage firm in 1982 and then worked with JSB Securities Limited / JM Financial Limited between 1991 and 1998 as Head of Dealing. From 1999 to 2007, he was with JM Morgan Stanley Securities Private Limited (now known as Morgan Stanley India Company Private Limited). He was a Senior Vice President in the institutional equities division of said company in 2007, servicing institutional clients in Asia. Mr. Kampani currently is part of JM Financial Group and leads the efforts in relation to the Corporate - Investors interactions.

As on March 31, 2008, Mr. Kampani holds 4,611 equity shares of the Company.

Mr. E A Kshirsagar

Mr. E A Kshirsagar, aged 66 years, a Chartered Accountant, is a specialist in corporate strategy and structure, disinvestments - central / state / private sector, feasibility studies for a variety of industries and the impact of legislations on business. He was associated with the management consultancy division of AF Ferguson for over three decades, retiring in 2004 as Director-in-Charge. He is a Fellow Member of the English and Indian Institutes of Chartered Accountants. Mr. Kshirsagar is the Chairman of the Audit Committee of the Company.

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

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

Mr. Kshirsagar is also a member of the following committees of the Board of other public companies:

Name of the Company	Audit	Shareholders' Grievance
Batliboi Limited	Member	–
HCL Infosystems Limited	Member	Member
Merck Limited	Member	–
Rallis India Limited	Chairman	Chairman

Mr. Kshirsagar retires by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for reappointment.

As on March 31, 2008, Mr. Kshirsagar does not hold any equity shares of the Company.

Mr. Dilip Kothari

Mr. Dilip Kothari, aged 54 years, holds a Master's degree in Finance from the Kansas State University, USA. Mr. Kothari is the founding Managing Director and Head of the private equity business of JM Financial Group since January 2006. He has over 23 years of experience in the global financial services industry, having spent 10 years in the United States of America and over 12 years in Asia. Prior to JM Financial, Mr. Kothari was Managing Director, Olympus Capital Holdings. Before that he was Head of consumer banking, HSBC, Singapore, and Head of credit policy and risk management, Citibank, Asia. He started his career with Citibank, where he held various senior management positions in the consumer banking division, based in the United States of America.

Mr. Kothari is also on the Board of the following public companies:

- Spandana Sphoorty Financial Limited
- JM Financial Investment Managers Limited

As on March 31, 2008, Mr. Kothari does not hold any equity shares of the Company.

Mr. D E Udvardia

Mr. D E Udvardia, aged 69 years, is an Advocate and Solicitor of the Bombay High Court and a Solicitor of the Supreme Court of England, UK. Mr. Udvardia, Partner, Udvardia & Udeshi, Solicitors & Advocates, acts as a Legal Counsel for numerous Indian companies, multinational corporations and foreign banks in India. He has spent over 44 years 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. Udvardia is also on the Board of the following public companies:

- ABB Limited
- ADF Foods Limited
- Avesthagen Limited
- AstraZeneca Pharma India Limited
- Bombay Trading Corp. Co. Limited
- Coromandel Fertilisers Limited
- Development Credit Bank Limited
- Eureka Forbes Limited
- ITD Cementation India Limited
- Macmillan India Limited
- Mechanalysis (India) Limited
- Sundaram-Clayton Limited
- Wyeth Limited
- WABCO-TVS (India) Limited

Mr. Udvardia retires by rotation at the ensuing Annual General Meeting, and being eligible, offer himself for reappointment.

As on March 31, 2008, Mr. Udvardia does not hold any equity shares of the Company.

Dr. Pravin P Shah

Dr. Pravin P Shah, aged 64 years, a Ph.D. in Cost Accounting from the University of Mumbai and a Chartered Accountant and Cost Accountant is a Partner, M/s. Pravin P Shah & Co., Chartered Accountants, Mumbai. He has over 38 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 in USA on the above mentioned subjects.

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

- Adani Enterprises Limited
- Bhansali Engineering Polymers Limited
- Claris Lifesciences Limited
- Bombay Rayon Fashions Limited
- Jai Corp Limited

Dr. Shah is also a member of the following committees of the Board of other public companies:

Name of the Company	Audit
Adani Enterprises Limited	Member
Bhansali Engineering Polymers Limited	Member
Claris Lifesciences Limited	Member
Bombay Rayon Fashions Limited	Chairman

As on March 31, 2008, Dr. Shah does not hold any equity shares of the Company.

Mr. Paul Zuckerman

Mr. Paul Zuckerman, aged 63 years, holds a Ph.D in Agricultural Economics from Reading University, United Kingdom. Mr. Zuckerman, Chairman & CEO of Zuckerman & Associates Ltd., has been associated with various international organisations, including World Bank and International Institute of Tropical Agriculture, Ibadan, Nigeria. He was Vice Chairman, SG Warburg International, prior to its acquisition by UBS. In this capacity, he was closely associated with Indian companies in the early days of globalisation.

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

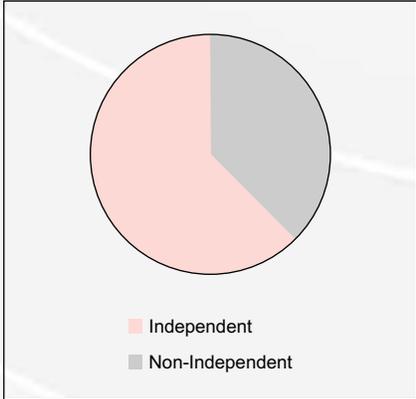
- Tech Mahindra Limited
- Great Eastern Energy Corporation Limited

Mr. Zuckerman was appointed as an Additional Director of the Company at the meeting of the Board of Directors held on October 29, 2007, pursuant to Section 260 of the Companies Act, 1956 read with Article 117 of the Articles of Association. He is an Independent Director. His appointment as a Director of the Company liable to retire by rotation, would be considered at the forthcoming Annual General Meeting.

As on March 31, 2008, Mr. Zuckerman does not hold any equity shares of the Company.

(a) Composition of the Board of Directors

The composition of the Board is governed by the Companies Act, 1956, the Listing Agreement and Articles of Association of the Company. The Board consists of eight members, all of which are Non-Executive Directors as on March 31, 2008. The Board comprises of five Independent Directors, namely, Mr. M R Mondkar, Mr. E A Kshirsagar, Mr. D E Udwadia, Dr. Pravin P Shah and Mr. Paul Zuckerman. Mr. Nimesh N Kampani is the Chairman of the Company as on March 31, 2008. The percentage of Independent Directors has increased to 71% with effect from May 28, 2008 on account of the resignation of Mr. Dilip Kothari.



Category	Percentage
Independent	71%
Non-Independent	29%

(b) Board agenda

All the departments in the Company communicate with the Company Secretary well in advance with regard to matters requiring the approval of the Board / Committees of the Board to enable inclusion of the same in the agenda for the Board / Committee Meetings. The Members of the Board are also free to recommend inclusion of any matters in the agenda for discussion.

The following information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board for discussion and consideration at Board 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, shareholders' grievance and investment committees as well as circular resolutions passed.
- Information on recruitment of senior managerial persons in the Company.
- Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- Fatal or serious accidents or occurrences of events such as fire, if any.
- Material default in financial obligations to and by the Company, if any.
- Issues that involves 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.
- Significant employee related problems, if any and their proposed solutions.
- Sale of material nature of investments, subsidiaries and assets, 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, if any.

Besides the above information, the following information related to the subsidiary companies 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 reviews for the period between two Board Meetings.
- Minutes of the meetings of the Board of Directors of the operating subsidiaries.
- Details of any major events having an impact on the business operation, compliance matters and employee related matters.
- Steps taken to ensure business continuity planning and ongoing initiatives.

- Presentation by teams of the respective businesses under their management.
- Presentation by corporate support teams such as Human Resources, Legal and Compliance, etc. detailing their functions, relationships with business, initiatives to make business execution more efficient.

The meetings of the Board of Directors are normally held at the registered office of the Company in Mumbai. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. In special and exceptional circumstances, additional or supplementary items on the agenda are allowed to be considered with the permission of the Chair. The Company Secretary, in consultation with the business teams and the Chairman, prepares the detailed agenda for the meetings. All material information is incorporated in the agenda papers to facilitate meaningful and focussed discussions at the meetings. The board papers, agenda and other explanatory notes are circulated to the Directors in advance. The Board has unfettered and complete access to information and to employees within the Company. The senior management is invited to attend the Board Meetings to provide additional inputs in relation to the matters being discussed by the Board.

The composition of Board, attendance of Directors at the Board Meetings during the financial year 2007-08 and at the last Annual General Meeting (AGM), the number of other directorships and memberships/chairmanships in public companies as on March 31, 2008 are as follows:

Name of the Director	Category	FY 2007-08 Attendance at		No. of Directorships in other companies ⁺	Committee positions [#]	
		Board Meetings	Last AGM		Member	Chairman
		Mr. Nimesh N Kampani**	Chairman & Non-Executive Director	8	Yes	6
Mr. M R Mondkar	Independent & Non-Executive Director	7	Yes	-	-	-
Mr. Ashith N Kampani	Non-Executive Director	7	Yes	-	-	-
Mr. E A Kshirsagar	Independent & Non-Executive Director	6	Yes	4	4	2
Mr. Dilip Kothari [®]	Non-Executive Director	6	No	2	-	-
Mr. D E Udawadia	Independent & Non-Executive Director	7	Yes	14	-	-
Dr. Pravin P Shah	Independent & Non-Executive Director	5	Yes	5	3	1
Mr. Paul Zuckerman [§]	Independent & Non-Executive Director	1	-	2	-	-

Notes:

** Appointed as Managing Director with effect from May 28, 2008.

@ Ceased to be a Director with effect from May 28, 2008.

\$ Mr. Paul Zuckerman was appointed as Additional Director of the Company at the Board Meeting held on October 29, 2007.

The Committees considered for the purpose of arriving at the above number are Audit and Shareholders' Grievance Committees.

+ The directorships held by Directors as mentioned above, do not include alternate directorships and directorships of foreign companies, Section 25 companies and private limited companies.

None of the above Directors hold directorships in more than 15 public companies nor is a Member of more than 10 Committees and Chairman of more than five Committees.

(c) Minutes

The minutes of each Board / Committee Meetings are recorded in the Minutes Book.

(d) Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meetings, is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules made there under and to the extent feasible, the Secretarial Standards recommended by the Institute of Company Secretaries of India, New Delhi.

Certificate of the Chief Financial Officer and the Company Secretary confirming compliance with applicable laws and regulations is placed before the Board on a quarterly basis.

The Company Secretary also places before the Board an action report on the implementation of decisions of the Board in the form of matters arising from the previous meeting(s) for the follow up information of the Directors.

(e) Number of Board Meetings

The Company strives to hold at least seven Board Meetings in each year, of which four meetings, one in each quarter, include the agenda for review of the financial results. The maximum time-gap between any two consecutive meetings does not exceed four months. Urgent matters are also considered and approved by passing resolutions through circulation. The average duration of the Board Meetings held is approximately four hours.

The Company held eight Board Meetings during the financial year 2007-08, on the dates given below:

April 2, 2007	June 29, 2007
July 4, 2007	July 30, 2007
October 29, 2007	December 11, 2007
January 29, 2008	March 5, 2008

III. Audit Committee

The Audit Committee monitors and supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosures. The Committee also monitors the integrity and quality of the financial reporting. The Committee, on one hand, acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company on the other.

(a) Composition of the Committee

The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Audit Committee consists of following Members:

Name	Category	Member / Chairman
Mr. E A Kshirsagar	Independent Director	Chairman
Mr. MR Mondkar	Independent Director	Member
Mr. Ashith N Kampani	Non-Independent Director	Member
Dr. Pravin P Shah	Independent Director	Member

The Statutory and Internal Auditors are invited to the meeting of the Audit Committee to point out any observations they may have with regard to finance, accounting, operations and other allied matters. The Company Secretary acts as the Secretary to the Committee.

(b) Meetings of the Audit Committee

During the financial year 2007-08, four meetings of the Audit Committee were held on June 28, 2007, July 30, 2007, October 29, 2007 and January 29, 2008.

Details of the attendance of each Member of the Committee are given below:

Name of Members	Attendance
Mr. E A Kshirsagar	3
Mr. MR Mondkar	4
Mr. Ashith N Kampani	4
Dr. Pravin P Shah	3

(c) Role of the Audit Committee

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, reappointment 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:
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions.
 - Qualifications, if any, in draft audit report.
4. Reviewing with the management, the adequacy of internal control systems.
5. Discussion with Statutory Auditors and Internal Auditors on any significant findings and follow up thereon with the management.
6. Carrying out such other functions as may be specifically referred to the Committee by the Board of Directors of the Company.
7. Reviewing the financial statements, and in particular, the investments made by the unlisted subsidiaries of the Company.
8. Review of uses / application of funds raised, if any, through an issue (public issue, rights issue, preferential issue, etc.).
9. Review of the Company's financial and risk management policies.

(d) Powers of the Audit Committee

The powers of the Audit Committee as enumerated in the Listing Agreement are as follows:

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.

(e) Review of information by Audit Committee

1. Management discussion and analysis of the financial condition and results of operations.
2. Statement of significant related party transactions.
3. Letters of internal control issued by the Statutory Auditors.
4. Internal audit reports.

Minutes of the Audit Committee Meetings form part of the agenda of Board Meetings. Additionally, the Chairman of the Audit Committee briefs the Board of Directors about the significant discussions at Audit Committee Meetings.

IV. Remuneration/Compensation Committee

(a) Composition of the Committee

The Remuneration/Compensation Committee ('the Committee') comprises of the following Members:

Name of Members	Category	Member / Chairman
Mr. Nimesh N Kampani	Non-Executive Director	Chairman
Mr. E A Kshirsagar	Independent Director	Member
Mr. D E Udawadia	Independent Director	Member
Dr. Pravin P Shah	Independent Director	Member

(b) Meetings of the Compensation Committee

During the financial year 2007-08, two meetings of the Committee were held on December 27, 2007 and March 29, 2008.

Details of the attendance of each Member of the Committee are given below:

Name of Members	No. of meetings attended
Mr. Nimesh N Kampani	2
Mr. E A Kshirsagar	2
Mr. D E Udawadia	2
Dr. Pravin P Shah	2

(c) Compensation policy

The Company follows the policy of rewarding performance, based on review of the Company, department and individual performance annually.

(d) Details of remuneration of Directors

The details of the sitting fees and commission paid / payable to the Non-Executive Directors of the Company for the financial year 2007-08 are given below:

Name of the Director	Commission payable (Rs.)	Sitting fees (Rs.)		
		Board	Audit Committee	Compensation Committee
Mr. Nimesh N Kampani	-	40,000	-	6,000
Mr. M R Mondkar	6,00,000	35,000	12,000	-
Mr. Ashith N Kampani	5,00,000	35,000	12,000	-
Mr. E A Kshirsagar	9,00,000	30,000	9,000	6,000
Mr. Dilip Kothari	4,00,000	30,000	-	-
Mr. D E Udawadia	9,00,000	35,000	-	6,000
Dr. Pravin P Shah	9,00,000	25,000	9,000	6,000
Mr. Paul Zuckerman	3,00,000	5,000	-	-

Criteria for making the payment of Commission

In the backdrop of growing complexities and increasing regulatory requirements, Non-Executive Directors have contributed significantly to the meetings and given constructive and useful feedback pertaining to the business and operations of the Company. Taking into consideration their contribution, an aggregate amount of Rs. 45 lakh is proposed to be paid as commission to the Directors for the financial year 2007-08 as per individual allocation decided by the Board of Directors. Since the commission amount as above exceeds the limits prescribed under the Companies Act, 1956, it is subject to the approval of the Members at the general meeting and the Central Government.

The remuneration of Non-Executive Directors is decided keeping in mind the role assumed, number of meetings of the Board and the Committees thereof attended by each of them; the position held by them as the Chairman of the Audit Committee and their role as Independent Directors on the Board and the Member / Chairman of the Audit Committee of the subsidiary companies.

During the year, the Company paid Rs. 88.48 lakh as professional fees to M/s. Udawadia & Udeshi, a firm, in which Mr. D E Udawadia, a Director of the Company, is a partner. The Company also paid an aggregate amount of Rs. 48.25 lakh as professional fees to M/s. Pravin P Shah & Co. and M/s Pravin P Shah & Associates, partnership and sole proprietorship firm, in which Dr. Pravin P Shah, a Director of the Company, is a partner and the sole proprietor, respectively. However, these payments do not affect their independence as Directors of the Company. There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

V. Shareholders' Grievance Committee

(a) Composition of the Committee

The Shareholders' Grievance Committee comprises of Mr. M R Mondkar and Mr. Ashith N Kampani.

(b) Terms of reference

The terms of reference of the Shareholders' Grievance Committee is to redress shareholders' complaints including grievances relating to transfer & transmission of shares, non-receipt of balance sheet, dividend, etc. The Committee takes steps for resolving complaints / queries of the shareholders. The Committee also recommends measures for overall improvement in the quality of investor services.

(c) Number of meetings

The Committee met four times during the year on April 2, 2007, July 4, 2007, October 16, 2007 and January 29, 2008. Details of the attendance of each Member of the Committee are given below:

Name of Members	No. of meetings attended
Mr. M R Mondkar	4
Mr. Ashith N Kampani	4

Particulars of the number of complaints / queries received and resolved by the Company during the financial year 2007-08 are given in the table below. No complaints are pending as on March 31, 2008.

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

Nature of complaints / queries	Received (Nos.)	Resolved (Nos.)
Request for information relating to tradable warrants	10	10
Non-receipt of 14% & 16% debentures redemption money	10	10
Request for information on buyback	1	1
Non-receipt of share certificates sent for transfer / transmission	15	15
Non-receipt of duplicate shares	6	6
Change of address	5	5
Non-receipt of annual reports	7	7
Non-receipt of dividend	23	23
Total	77	77

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

VI. General Body Meetings

All resolutions moved at the last Annual General Meeting (AGM) were passed by show of hands with the requisite majority of Members attending the meeting. The following are the Special Resolutions passed at the general meetings of the Company held in last three years.

Venue and Time of general meetings

AGM / EGM held on	Venue	Time	Whether special resolution passed	Summary
July 6, 2005	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	3.30 p.m.	Yes	Payment of commission to the Directors up to 3% of the net profits of the Company.
November 4, 2005 Extraordinary General Meeting (EGM)	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	11.30 a.m.	Yes	<ul style="list-style-type: none"> ● Alteration of Articles of Association to reflect increase in authorised capital of the Company. ● Issue of up to 2,100,000 equity shares on preferential basis to Blue Ridge Limited Partnership and Blue Ridge Offshore Master Limited Partnership.

AGM/EGM held on	Venue	Time	Whether special resolution passed	Summary
				<ul style="list-style-type: none"> ● Issue of up to 2,100,000 equity shares on preferential basis to Tiger Global, L.P., Tiger Global, Ltd. and Tiger Global II, L.P. ● Increase in limit of foreign investment by foreign institutional investors from 24% 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	Scheme of Amalgamation of J. M. Securities Private Limited with JM Financial Limited.
June 1, 2006 Extraordinary General Meeting (EGM)	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	4.00 p.m.	Yes	Issue of up to 2,101,667 equity shares on preferential basis to Blue Ridge Limited Partnership, Blue Ridge Offshore Master Limited Partnership and Mr. Azim Hasham Premji.
September 7, 2006	Kamalnayan Bajaj Hall Bajaj Bhavan Nariman Point Mumbai - 400 021	4.00 p.m.	Yes	<ul style="list-style-type: none"> ● Payment of commission to the Directors between 1% and up to 3% of the net profits of the Company. ● Three resolutions under Section 81(1A) of the Companies Act, 1956 for seeking necessary approvals offering shares under Employee Stock Option Scheme.
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. ● Three resolutions under Section 81(1A) of the Companies Act, 1956 offering equity stock options under Employee Stock Option Scheme.

VII. Postal ballot

Resolution passed through postal ballot

An ordinary resolution was passed on March 14, 2008 through postal ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, for contributing to charitable and / or other funds in excess of the limits prescribed under Section 293(1)(e) of the Companies Act, 1956.

(a) Scrutiniser

The Board appointed Mr. B V Dholakia, Practising Company Secretary, as the Scrutiniser to conduct postal ballot voting process. Mr. Dholakia conducted the process and submitted his report to the Chairman.

(b) Procedure followed

- (i) The postal ballot notice and other related documents were dispatched to Members under certificate of posting.
- (ii) A calendar of events along with Board Resolution was submitted with the Registrar of Companies, Maharashtra, Mumbai.
- (iii) The result of the postal ballot was announced by the Chairman at the registered office of the Company, is posted on the website and will also be announced in the forthcoming AGM.

(c) Details of voting pattern

After scrutinising all the ballot forms received, the Scrutiniser reported that the Members representing 99.99% of the total voting strength voted in favour of the resolution, based on which the result was declared by the Chairman of the Company on March 14, 2008 and the resolution was carried with overwhelming majority.

Analysis of votes cast

Particulars	Number of votes	Percentage
Assent	2,35,48,844	99.99
Dissent	0	0
Invalid votes	2,600	0.01
Total	2,35,51,444	100.00

No special resolution is proposed to be passed prior to the forthcoming AGM through postal ballot.

VIII. 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 one English daily newspaper circulating in the whole or substantially the whole of India and in one newspaper published in Marathi language being the language of the region, where the registered office of the Company is

situated. These 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 Members through the Annual Report. The Company has regularly uploaded the information as specified under Clause 51 of the Listing Agreement on the Electronic Data Information Filing and Retrieval System (EDIFAR) launched by SEBI.

IX. Subsidiary companies

The minutes of the Board Meetings of unlisted subsidiary companies forms part of the agenda of the quarterly Board Meetings of the Company. The Board also periodically reviews the statement of significant transactions and arrangements entered into by the unlisted subsidiary companies.

The Company has appointed the following Independent Directors on the Board of its material unlisted Indian subsidiary companies:

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

X. Compliance with other mandatory requirements

1. Management Discussion and Analysis:

The Management Discussion and Analysis forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

2. Disclosures:

a. Related party transactions:

The Company has entered into related party transactions as set out in the Notes to Accounts. None of these significant transactions are likely to have a potential conflict with the interests of the Company. 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 to the extent 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 an update on risk management to the Board at its meetings.

3. Secretarial Audit Report:

In line with the requirements of Securities and Exchange Board of India (SEBI), Secretarial Audit is carried out on a quarterly basis by a firm of Practising Company Secretaries 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.

4. No penalty or strictures:

No penalty or strictures have been imposed on the Company by the stock exchanges, SEBI or any other statutory authority, on any matter related to the capital markets, since the date of listing of equity shares.

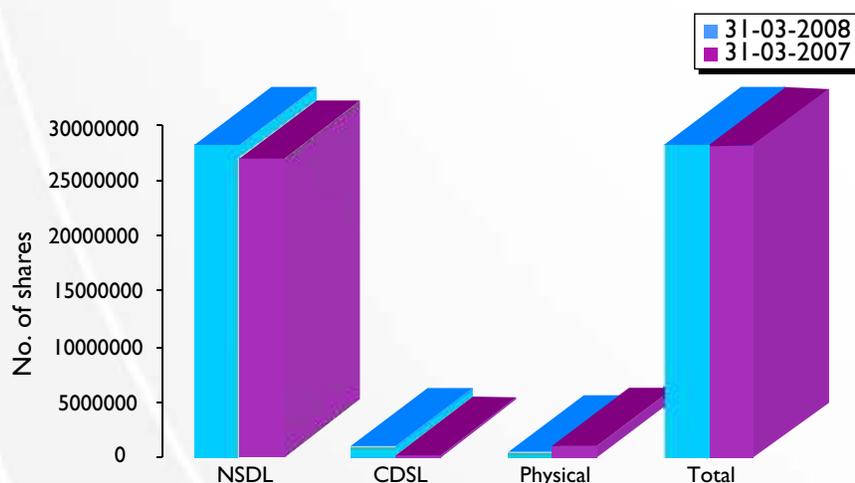
XI. General Shareholders' Information**Annual General Meeting**

Date and time	:	July 25, 2008
Venue	:	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020
Financial year	:	April 1, 2007 to March 31, 2008
Dates of book closure	:	July 18, 2008 to July 25, 2008 (Both days inclusive)
Dividend payment date	:	July 29, 2008
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 1919 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 8100 / 8114 Fax: 91 22 2659 8120 www.nseindia.com
Listing Fees	:	The Company has paid the Annual Listing fees to the BSE and NSE for the financial year 2008-09 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
Website	:	www.jmfinancial.in

- Registrars & share transfer agents : Sharepro Services (India) Private Limited
- Investor relation centres
- Nariman Point office : 912, Raheja Centre, Free Press Journal Road
Nariman Point, Mumbai - 400 021
Contact Person: Mr. Ravi Bhandari
Tel. No. 91 22 6772 0700
Counter Timings:
On weekdays - 10.00 a.m. to 5.00 p.m.
On Saturdays - 10.00 a.m. to 4.00 p.m.
- Main office : 3rd Floor, Satam Industrial Estate, Above Bank of Baroda
Cardinal Gracious Road, Chakala
Andheri (East), Mumbai - 400 099
Contact Person: Ms.Indira Karkera/Mr. Gopal Poojari
Tel No. 91 22 6772 0300
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 Agreements entered into by the Company with BSE and NSE, a certificate is obtained every six months from a Practising Company Secretary, confirming that the request for transfer, transmission, sub-division, consolidation and exchange of equity shares have been effected within one month of their lodgment 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, namely, NSDL and CDSL, within 21 days. The particulars of the dematerialisation are reported to the Board for its noting.
- Shares in dematerialised mode : As on March 31, 2008, 2,95,29,025 equity shares representing 98.43% of the Company's share capital are held in electronic mode.

Out of the above shares in electronic mode, 2,94,01,236 equity shares representing 98% have been dematerialised under NSDL, whereas 1,27,789 shares representing 0.43% have been dematerialised under CDSL.

Comparison chart giving the break up of shares held in physical and dematerialised mode as on March 31, 2008 as compared to that of March 31, 2007 is given below:



Stock market data relating to the shares

Details of 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 2007	1007.40	1080.00	932.00	1036.60	10,260
May 2007	1036.50	1188.80	965.00	1102.70	74,464
June 2007	1110.00	1140.00	975.00	1060.35	6,71,572
July 2007	1100.00	1350.00	1018.00	1309.65	3,34,670
August 2007	1252.10	1399.00	1216.80	1380.00	67,896
September 2007	1381.00	1744.90	1360.00	1658.65	94,378
October 2007	1700.00	1865.00	1525.00	1813.30	1,98,844
November 2007	1848.95	2699.00	1700.00	2377.05	2,44,788
December 2007	2450.55	2919.00	2257.00	2882.00	1,36,568
January 2008	3000.00	3979.80	2369.75	3023.30	1,85,707
February 2008	3025.00	3159.00	2205.05	2221.15	1,03,390
March 2008	2110.00	2210.00	1182.85	1315.10	1,16,926

(Source : www.bseindia.com)

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

Month	Open Rs.	High Rs.	Low Rs.	Close Rs.	No. of Shares Traded
April 2007	999.95	1055.00	932.00	1042.55	1,07,144
May 2007	1050.00	1198.90	984.10	1100.00	82,582
June 2007	1106.15	1129.00	956.00	1071.20	54,782
July 2007	1080.00	1353.00	975.00	1310.65	1,60,239
August 2007	1276.15	1314.90	1222.00	1380.15	1,04,953
September 2007	1375.10	1780.00	1375.00	1659.60	77,277
October 2007	1720.00	1900.00	1557.65	1820.95	1,34,610
November 2007	1890.00	2698.50	1701.00	2388.25	1,42,904
December 2007	2400.25	2910.00	2365.55	2898.40	1,52,164
January 2008	3000.00	3974.10	2400.00	3045.85	2,40,113
February 2008	3155.55	3157.00	2203.10	2234.55	46,571
March 2008	2124.60	2220.00	1173.85	1321.70	1,15,177

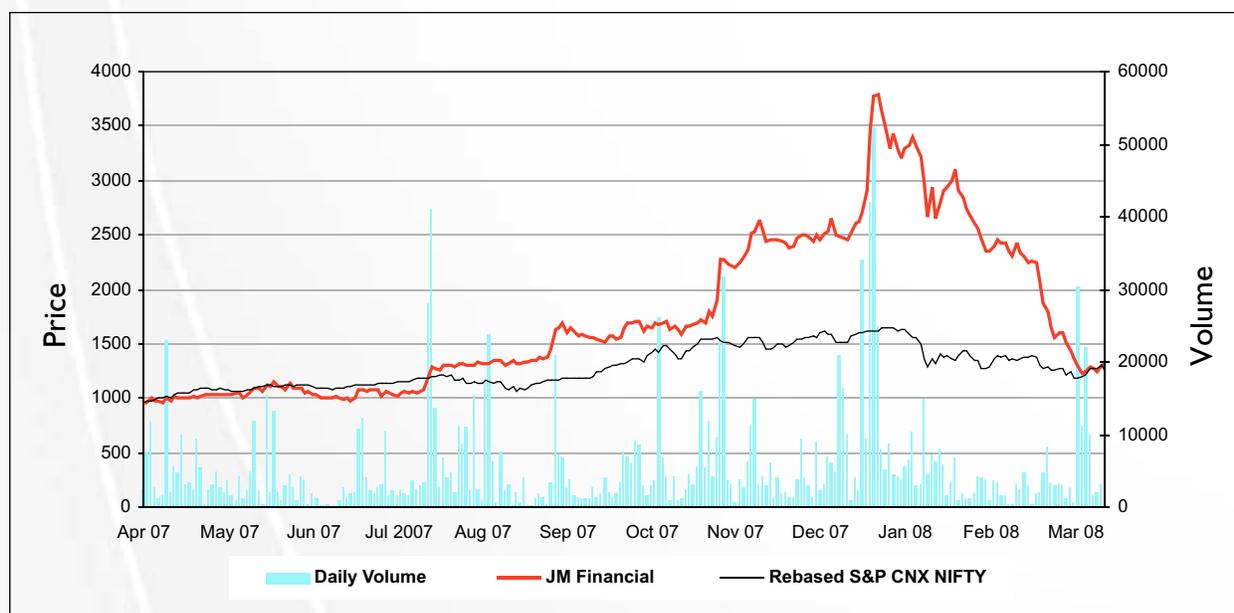
(Source : www.nseindia.com)

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



(Source : www.bseindia.com)

The performance of the price 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 on March 31, 2008

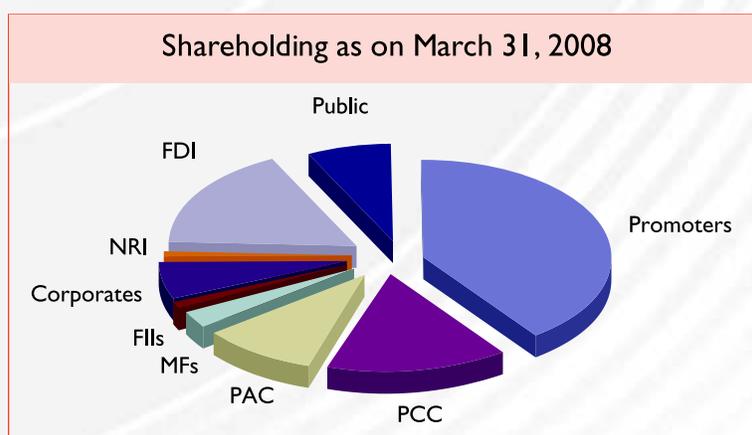
I. Distribution of shareholding:

Number of Shares held	Shareholders		Shares	
	Numbers	Percentage	Numbers	Percentage
1 - 500	6,914	93.75	678,701	2.26
501 - 1000	229	3.10	178,349	0.59
1001 - 2000	96	1.30	146,492	0.49
2001 - 3000	37	0.50	92,751	0.31
3001 - 4000	15	0.20	54,241	0.18
4001 - 5000	16	0.22	73,963	0.25
5001 - 10000	21	0.29	149,914	0.50
10001 & above	47	0.64	28,625,589	95.42
Total	7,375	100.00	30,000,000	100.00

II. Categories of shareholders:

Category	Number of Shares held	Amount paid up (Rs.)	Percentage to the Total
Promoters:			
Bodies corporate	11,826,164	118,261,640	39.42
Individual(s)	-	-	-
Person having control over the Company (PCC):			
Bodies corporate	-	-	-
Individual(s)	5,414,300	54,143,000	18.05
Persons acting in concert (PAC):			
Bodies corporate	299,800	2,998,000	1.00
Individuals	2,663,311	26,633,110	8.87
Total (A)	20,203,575	202,035,750	67.35
Non-Promoters:			
Mutual Funds & Banks (MFs)	665,009	6,650,090	2.22
Foreign Institutional Investors (FIIs)	1,446,931	14,469,310	4.82
Bodies corporate (Corporates)	282,729	2,827,290	0.94
Non-Resident Indians (NRI)	37,529	375,290	0.13
Foreign Direct Investors (FDI) (Limited partnerships & limited liability partnerships)	5,171,262	51,712,620	17.23
Public	2,192,965	21,929,650*	7.31
Total (B)	9,796,425	97,964,250*	32.65
Total (A + B)	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.



III. List of the top 10 shareholders of the Company:

Sr. No.	Name of the Shareholder	Number of Shares	Percentage to total shares
1	J. M. Financial & Investment Consultancy Services Private Limited	8,124,264	27.08
2	Nimesh Nagindas Kampani	5,414,300	18.05
3	J. M. Assets Management Private Limited	3,507,700	11.69
4	Blue Ridge L. P. / Offshore Master L. P.	3,326,667	11.09
5	Aruna Nimesh Kampani	1,920,050	6.40
6	Tiger Global, Ltd./ L. P. / II, L. P.	1,844,595	6.15
7	Azim Hasham Premji	875,000	2.92
8	Morgan Stanley Mauritius Company Limited	720,098	2.40
9	Citigroup Markets Mauritius Private Limited	661,792	2.21
10	Vishal Nimesh Kampani	345,000	1.15

Outstanding GDRs / ADRs / warrants or convertible instruments, conversion date and likely impact on equity : None. The Company has not issued any such instruments.

Compliance certificate of the 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 this Annual Report.

XII. Code of Conduct

The Code of Conduct has been formulated for the Board of Directors and senior employees of the Company. The Code of Conduct contains, inter alia, the policies on confidentiality, conflict of interest, insider trading and securities investment process and restrictions thereon. All the Board Members and the designated senior management personnel have confirmed compliance with the Code of Conduct. A declaration signed by the Chairman & Managing Director to this effect is annexed hereto.

DECLARATION

I hereby confirm that:

The Company has obtained from all the Board Members and the designated senior management personnel, confirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2007-08.

Place : Mumbai

Date : May 28, 2008

Nimesh N Kampani

Chairman & Managing Director

Auditors' Certificate on Corporate Governance

To the Members,

JM Financial Limited

We have examined the compliance of conditions of corporate governance by JM Financial Limited (the Company), for the year ended on March 31, 2008, as stipulated in clause 49 of the Listing Agreement of the 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 and on behalf of

Khimji Kunverji & Co

Chartered Accountants

Shivji K Vikamsey

Partner

Membership No. 2242

Place : Mumbai

Date : May 28, 2008