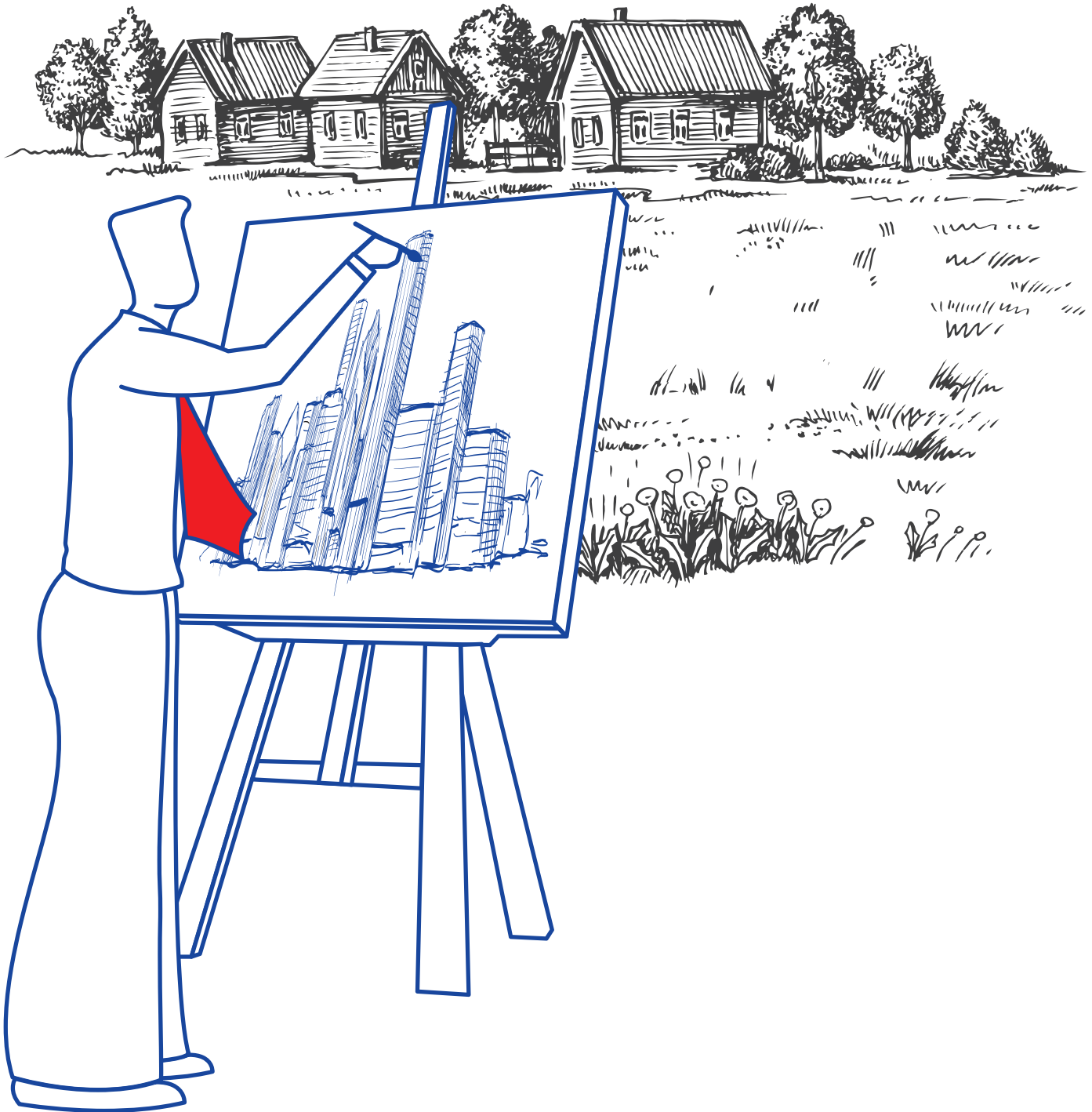


# **Towards Tomorrow**

**Expertise. Experience. Excellence.**



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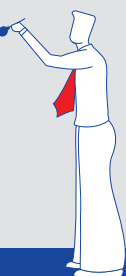
## **The red tie man,**

*is characterised as a visionary painter who can foresee the progress in the future. Despite the simple dwellings, he paints skyscrapers recognising the opportunities offered in the market just like the Company does. Moreover, the painting signifies the confidence and ability of JM Financial to make the most of the market opportunities with its expertise, experience and excellence. The Company is viewed as a trusted partner and advisor that consistently adds stakeholder value, just like the painting aims to do in sharp contrast to the actual settings.*



For more details, please visit:  
[www.jmfl.com](http://www.jmfl.com)

***Over the last four decades, we have developed market insights that are crucial for success in the financial services industry. It is our expertise, experience and excellence, which help us deliver quality bespoke services every time.***



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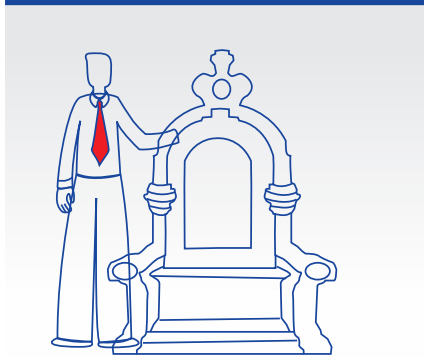
Anticipating market needs and business trends combined with delivering the right products have kept us ahead of the curve.

Our prudent approach and customised solutions find resonance with clients. The various awards and accolades won by us are a testimony to our consistent efforts and pursuit of excellence. Our strong team and a diverse product suite drive our success.

The new financial year will bring with itself new opportunity landscapes, as government-led financial reforms start to take shape. We are attractively poised to capitalise on this promising economic scenario.

***We are moving Towards Tomorrow by adopting more technology-driven processes and expanding the business to newer verticals. We expect the new vigour in India's economy to help us translate our aspirations to realities, sustainably.***

## OUR VALUES



### Client Focus

We always put the interest of our clients before our own. We understand our client needs, seek new opportunities for them, address them and deliver unique solutions as per their expectations. The success of our clients is the biggest reward for us.



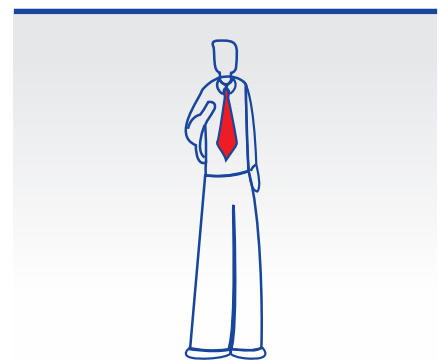
### Integrity

Integrity is fundamental to our business. We adhere to moral and ethical principles in everything we do as professionals, colleagues and corporate citizens. Our reputation based on our high standards of integrity is invaluable.



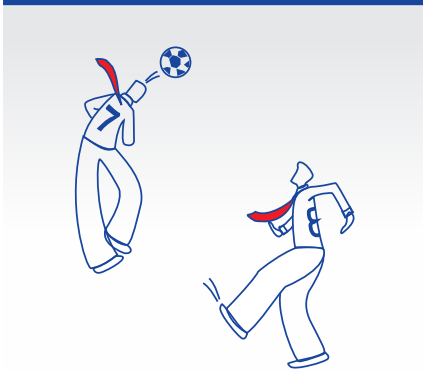
### Innovation

We understand our clients' needs and develop solutions for the most complex or the simplest, the biggest or the smallest financial transactions, whether for individuals or institutions. Creativity and innovation are key factors to everything we do. We encourage new ideas which help us address unique opportunities.



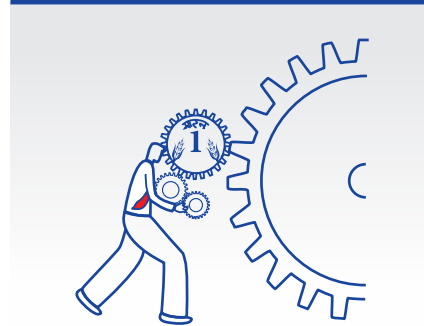
### Partnership

Our relationships with all our stakeholders reflect our spirit of partnership. Clients see us as trusted advisors, shareholders see us as partners and employees see us as family. We respect, trust and support all our stakeholders.



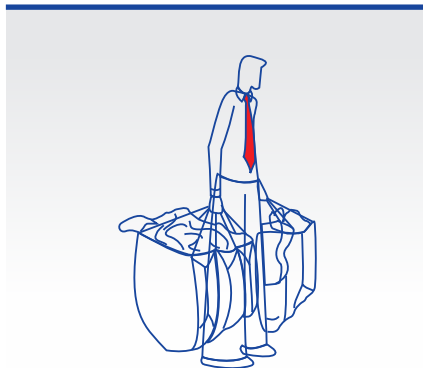
## Team Work

We believe extensive teamwork is what makes it possible for us to work together towards a common goal. We value and respect each individual's commitment to group effort.



## Implementation

Our expertise, experience and our continuous focus on the quality of execution ensures effective implementation of our strategies.



## Performance

We believe in development of our people and continuously hone our skills, setting higher targets of performance for ourselves. We strive to attract, develop and retain the best talent. We recognise and reward talent based on merit.

# CONSOLIDATED PERFORMANCE REVIEW

## GROSS INCOME

[₹ in Crore]

16-17	2,359.26
15-16	1,684.66
14-15	1,403.04
13-14	1,006.67
12-13	1,042.23
11-12	873.97
10-11	895.92
09-10	628.79
08-09	464.92
07-08	742.29

## PROFIT / ( LOSS)

[₹ in Crore]

16-17	470.20
15-16	400.46
14-15	330.52
13-14	209.53
12-13	182.92
11-12	121.17
10-11	174.56
09-10	151.66
08-09	(105.21) <sup>2</sup>
07-08	150.12 <sup>1</sup>

## NETWORTH

[₹ in Crore]

16-17	3,227.04
15-16	2,804.21
14-15	2,437.71
13-14	2,091.87
12-13	1,975.97
11-12	1,864.77
10-11	1,814.42
09-10	1,702.03
08-09	1,592.60
07-08	1,762.62

## BOOK VALUE

[₹ per Share]

16-17	40.62
15-16	35.54
14-15	31.10
13-14	27.70
12-13	26.29
11-12	24.87
10-11	24.20
09-10	22.70
08-09	21.24
07-08	23.52 <sup>3</sup>

## EARNINGS PER SHARE

[₹ per Share]

16-17	5.93
15-16	5.08
14-15	4.32
13-14	2.78
12-13	2.44
11-12	1.62
10-11	2.33
09-10	2.02
08-09	(1.40) <sup>2</sup>
07-08	2.00 <sup>3</sup>

## DIVIDEND PER SHARE

[₹ per Share]

16-17	1.50
15-16	1.45
14-15	1.35
13-14	1.00
12-13	0.90
11-12	0.60
10-11	0.60
09-10	0.25 <sup>5</sup>
08-09	0.20
07-08	0.20 <sup>3&amp;4</sup>

1 The profit after tax for the year 2007-08 excludes ₹ 1,156.95 Crore towards exceptional income earned during the year.

2 As a matter of abundant caution, the Group had made a provision for diminution in value of long-term investments aggregating ₹ 136.72 Crore resulting in a loss during the year 2008-09.

3 Adjusted for split and bonus issue.

4 Excludes Special dividend of ₹ 0.80 per share.

5 Excludes Silver Jubilee Dividend of ₹ 0.25 per share.

## CONSOLIDATED TAX INFORMATION

### CORPORATE TAX<sup>1</sup>

[₹ in Crore]

16-17		334.84
15-16		222.45
14-15		156.39
13-14		79.98
12-13		74.93
11-12		59.55
10-11		52.78
09-10		47.37
08-09		29.50
07-08		455.53

### DIVIDEND DISTRIBUTION TAX<sup>2</sup>

[₹ in Crore]

16-17		11.08
15-16		18.71
14-15		21.32
13-14		13.86
12-13		16.87
11-12		7.97
10-11		7.89
09-10		6.68
08-09		2.83
07-08		12.75

### SERVICE TAX<sup>3</sup>

[₹ in Crore]

16-17		129.59
15-16		99.14
14-15		68.94
13-14		41.71
12-13		37.48
11-12		40.56
10-11		42.54
09-10		39.41
08-09		44.81
07-08		68.42

### PAYROLL TAX<sup>4</sup>

[₹ in Crore]

16-17		73.26
15-16		59.03
14-15		46.58
13-14		40.44
12-13		31.96
11-12		46.64
10-11		55.62
09-10		16.16
08-09		55.26
07-08		79.51

### NON PAYROLL TAX<sup>5</sup>

[₹ in Crore]

16-17		24.64
15-16		19.98
14-15		21.33
13-14		18.61
12-13		14.23
11-12		16.30
10-11		19.21
09-10		22.39
08-09		17.20
07-08		22.56

### SECURITIES TRANSACTION TAX<sup>6</sup>

[₹ in Crore]

16-17		140.12
15-16		105.72
14-15		116.29
13-14		65.56
12-13		76.08
11-12		97.06
10-11		101.18
09-10		77.78
08-09		39.23
07-08		70.54

### TOTAL TAX BORNE & PAID<sup>7</sup>

[₹ in Crore]

16-17		346
15-16		241
14-15		178
13-14		94
12-13		92
11-12		68
10-11		61
09-10		54
08-09		32
07-08		468

### TOTAL TAX DEDUCTED/ COLLECTED & PAID<sup>8</sup>

[₹ in Crore]

16-17		368
15-16		284
14-15		253
13-14		166
12-13		160
11-12		201
10-11		218
09-10		156
08-09		156
07-08		241

₹ 3,836 crore

Total tax borne and Paid  
and Total Tax Deducted /  
Collected & paid for the  
last ten years

1 Comprises provision for taxes, including deferred tax.

2 Comprises tax on corporate dividend distributed.

3 Comprises gross service tax paid.

4 Comprises tax deducted at source from the employees remuneration and paid.

5 Comprises tax deducted at source from payments made to service providers / vendors and paid.

6 Comprises tax collected from the clients and paid.

7 Comprises corporate tax and dividend distribution tax.

8 Comprises service tax, payroll tax, non-payroll tax and Securities transaction tax.

The above information has been verified by an independent chartered accountant firm.

The graphs are not to scale.

## MANAGEMENT INSIGHT



**Mr. Nimesh Kampani** - *Chairman*  
*JM Financial Group*

At JM Financial, our values form our guiding principles. We have garnered a reputation for being a trusted advisor and are known for our deep insights. But, there is still a tomorrow with new challenges and fresh opportunities. Our passion for innovation backed by our strong skill-sets and experience will enable us to transform these opportunities into growth and make our journey towards tomorrow fruitful.



**Mr. Vishal Kampani** - *Managing Director*  
*JM Financial Group*

We witnessed an acceleration in the reforms which has generated a lot of confidence in India's growth potential and the outlook looks promising. We recognise the opportunity landscape opening up to address this growth curve. Thus, we are strengthening the building blocks - people, capital, governance and technology for a future-ready organisation. Our expertise, experience and excellence together with our transformational journey will take us towards a brighter tomorrow.





**Ms. Dipti Neelakantan** - *Chief Operating Officer*  
*JM Financial Group*

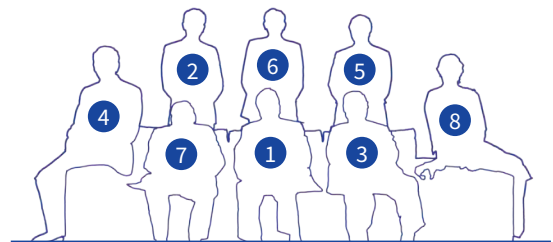
As the country grows strongly, spurred by a strong government commitment to implement progressive reforms, we are well poised to participate in the growth aided by experienced as well as young leadership, value based business policies and strong processes.



**Mr. V P Shetty** - *Executive Chairman*  
*JM Financial Asset Reconstruction Company Ltd*

JM Financial in its long history, is presently going through a most exciting time. We have been witnessing the dawn of a new era, emergence of a refreshing young leadership, with a total commitment to adhere to the group's time tested ideology, ethical standards, good governance and trust. This has brought in greater zeal to accomplish higher performance goals. Our diverse product portfolio aided with conducive environment facilitated by government's various initiatives in the recent past will help us etch our market dominance further.

## BOARD OF DIRECTORS



**1**

**Mr. Nimesh Kampani**  
*Non Executive Chairman*

**2**

**Mr. Vishal Kampani**  
*Managing Director*

**3**

**Mr. E A Kshirsagar**  
*Independent Director*

**4**

**Mr. Darius E Udwadia**  
*Independent Director*

**5**

**Mr. Paul Zuckerman**  
*Independent Director*

**6**

**Dr. Vijay Kelkar**  
*Independent Director*

**7**

**Mr. Keki Dadiseth**  
*Independent Director*

**8**

**Ms. Jagi Mangat Panda**  
*Independent Director*

## LEADERSHIP TEAM

**Mr. Atul Mehra** MD & Co-CEO,  
Investment Banking Business

**Mr. Adi Patel** MD & Co-CEO,  
Investment Banking Business

**Mr. Rajeev Chitrabhanu** MD & CEO,  
Investment Advisory and Distribution Business

**Mr. Subodh Shinkar** MD & COO,  
Investment Advisory and Distribution Business

**Mr. Manish Prasad** MD & CEO,  
Institutional Equities Business

**Mr. Shashwat Belapurkar** MD & CEO,  
Fixed Income & Lending for Commercial Real Estate Business

**Mr. Anil Bhatia** MD & CEO,  
Asset Reconstruction Business

**Mr. Darius Pandole** MD & CEO,  
Private Equity Business

**Mr. Bhanu Katoch** MD & CEO,  
Mutual Fund Business

**Mr. Manish Sheth**  
Group Chief Financial Officer

**Mr. Prashant Choksi** Group Head Compliance,  
Legal & Company Secretary

**Mr. Anil Salvi** Group Head,  
Human Resources & Administration

**Mr. Prakash Chellam** MD & CEO,  
Singapore Operations

**Mr. Vipul Shah** ED & Co-Head,  
Wealth

**Mr. Ajay Mishra** ED & Co-Head,  
Wealth

**Mr. Dimplekumar Shah** ED & Co-Head,  
Equity Broking Group

**Mr. Krishna Rao** ED & Co-Head,  
Equity Broking Group

**Mr. Sanjay Bhatia** ED & Head,  
Franchisee

**Mr. Surajit Misra** Director & Head,  
IFD Group

**Mr. Chaitanya Wagh** Group Head,  
Information Technology

## BUSINESS HIGHLIGHTS

Over the years, we have carved a niche for ourselves as a prominent diversified financial service powerhouse. Moreover, we have developed brand equity as a prudent organisation in India's financial sector. Our robust research mechanism and risk management systems are well appreciated within the industry. We offer bespoke financial solutions to a range of clients using our deep market insights and expertise. Our businesses are divided into four segments i.e. Investment Banking and Securities Business, Fund Based Activities, Alternative Asset Management and Asset Management, where we provide our clients with best-in-class services.

### INVESTMENT BANKING AND SECURITIES BUSINESS



Teams attending the Business Strategy Meet at Dubai

### INVESTMENT BANKING

#### A. Mergers and Acquisitions

As a proven leader in the M&A space, we work diligently to identify the optimal transaction partners around the globe for our clients. In FY 2016-17, we witnessed increased activities and further leveraged on our expertise of executing complex deals.

We were advisors to the following marquee transactions during FY 2016-17:

- Sole financial advisor to Geometric on composite scheme of arrangement whereby the entire business of Geometric is transferred to HCL Technologies by way of demerger, except for its 58% holding in the Joint Venture entity, 3DPLM Software Solutions Limited (3DPLM), with Dassault Systèmes. Pursuant to the scheme, the remaining Geometric, post de-merger, merged into 3DPLM thereby giving 100% ownership to Dassault Systèmes
- Sole transaction advisor to Tata Power Renewable Energy Limited on acquisition of the Renewable Energy Assets of Welspun



- Transaction advisor to K Raheja Corp Group on the sale of 15% stake in commercial asset portfolio to Blackstone
- Sole financial advisor to TransUnion for increasing its stake in TransUnion CIBIL Limited
- Manager to open offer by the Blackstone Group to the shareholders of Mphasis Limited
- Advisor to the restructuring of the Mafatlal Group's shareholding in its three listed companies – Mafatlal Industries Limited, NOCIL Limited and Navin Fluorine Limited
- Advisor to Essar Group on sale of controlling interest in Essar Oil to Rosneft, Trafigura Beheer B.V. and United Capital Partners

Additionally, we provided fairness opinions for the following landmark transactions:

- Merger of Cairn India Limited into Vedanta Limited
- Scheme of acquisition of State Bank of Bikaner and Jaipur, State Bank of Mysore, State Bank of Travancore and Bharatiya Mahila Bank into State Bank of India
- Merger of Aditya Birla Nuvo with Grasim and the subsequent Demerger of the Financial Services business into Aditya Birla Financial Services

## B. Equity Capital Markets

During FY 2016-17, the primary markets were active. The Equity Initial Public Offers (IPO's) have increased both in number of issuances and values during the year. We concluded the following equity capital market transactions:

### Book Running Lead Managers to the IPO's of

- Parag Milk Foods Ltd - ₹ 750 Crore
- Dilip Buildcon Ltd - ₹ 654 Crore
- L&T Technology Services Ltd - ₹ 895 Crore
- ICICI Prudential Life Insurance Ltd - ₹ 6,056 Crore
- PNB Housing Finance Ltd - ₹ 3,000 Crore
- Avenue Supermarts Ltd - ₹ 1,870 Crore
- Thyrocare Technologies Ltd- ₹ 480 Crore

### Book Running Lead Managers to the QIP's by

- Motherson Sumi Systems Ltd - ₹ 1,993 Crore
- Hindalco Industries Ltd - ₹ 3,350 Crore

## C. Private Equity Syndication

In FY 2016-17, private equity deals worth ₹ 86,843 Crore were announced compared to ₹ 1,13,910 Crore in FY 2015-16 (Source: JM Financial Estimates). The sectors that experienced the maximum interest from private equity investors include IT/ITES, Financial Services and Telecom. We acted as advisors to the following companies/funds in private equity advisory:

- Goldman Sachs and KKR for exit in TVS Logistics Services to CDPQ, TVS family members and management for ₹ 1,235 Crore
- Canara Bank for stake sale in Can Fin Homes to GIC for ₹ 754 Crore
- BSCPL Infrastructure for sale of its road asset BSCPL Godhra Tollways to India Infrastructure Fund II for ₹ 306 Crore

- Ascent Health and Wellness Solutions for an investment from Everstone Capital
- Mr. Sumant Sinha (Promoter of ReNew Power) for structured finance of ₹ 280 Crore from Piramal Finance
- Blackstone for open offer in Mphasis

## D. International Operations

We have established subsidiaries/step down subsidiaries in Mauritius, Singapore and USA to cater to and service overseas clients/investors and to carry out permitted business activities in these jurisdictions.

Our office in Singapore under JM Financial Singapore Pte. Ltd (JM Financial Singapore) advised Geometric Limited on a 3 way transaction which involved divestment of its business to HCL Technologies Ltd and its interest in 3DPLM Software Solutions Limited to Dassault Systemes. JM Financial Singapore also advised 3DPLM on its listing of Redeemable Preference Shares.

## AWARD



### Business World-PWC I-banking Survey, 2016

JM Financial Institutional Securities Ltd has emerged as QIP Dealmaker of the Year.

## BUSINESS HIGHLIGHTS (Contd.)

### INSTITUTIONAL EQUITIES BUSINESS

Our Institutional Equities business offers broking services in both cash and derivatives to Indian and global institutional clientele.

Currently, we cater to over 200 institutional investors that include marquee foreign institutional investors (FIIs), hedge funds, sovereign funds, domestic mutual funds and insurance companies. Our research has been making a mark in the investor community for identifying companies with strong fundamentals, for longer term investments. Our sales and research teams have received accolades in client reviews; and we consistently rank among the leading brokers with many foreign and domestic institutional investors.

Over the last few years, the Institutional Equities business has built an enviable distribution franchise for capital market transactions with deep connections across Asia, the US, Europe and of course, India. The team consistently ranks # 1 or # 2 in garnering maximum demand in IPOs and QIPs, with a focus on aiding companies to broad-base their shareholdings across geographies and fund types.

During the year, we successfully distributed nine capital market transactions to domestic and global funds.



## INVESTMENT ADVISORY AND DISTRIBUTION



Mr. Subodh Shinkar addressing the audience at Achievers Awards

*During the year, we have developed our team to expand our footprints in the wealth management business. We have improved the quality of our asset mix by garnering better yielding equity and debt assets.*

Our investment advisory and distribution business has three main divisions: Wealth Management, Equity Brokerage and Independent Financial Distribution.

### **Wealth Management Group (WMG):**

The Wealth Management Group caters to ultra-high and high net-worth investors, corporates, banks and institutions. We follow the asset allocation model and provide a complete range of financial and custody solutions to clients including family office, advisory and execution services.

During the year, we have developed our team to expand our footprints in the wealth management business. We have improved the quality of our asset mix by garnering better yielding equity and debt assets. This has compensated for the reduction in Liquid Assets of corporate treasuries, which was due to shift in direct plans. As on March 31, 2017,

the assets under management of our Wealth Management business stood at approximately ₹ 23,664 Crore.

At present, we are offering these services in seven major cities of India, while we cover the other cities through our hub and spoke model. We have a team of 67 senior advisors who manage this business.

Moving forward, we will focus on improving the quality of asset mix. Besides, we will emphasise on increasing AUM by adding net new money from existing and prospective clients. Moreover, we will expand our team size in key geographies, where we have presence.

### **Equity Brokerage Group (EBG):**

The Equity Brokerage Group offers research based equity advisory and trading services to high net-worth individuals, corporate and retail clients.

The Equity Brokerage Group has its presence in 116 cities in India, through a network of branches and franchisees. The combination of branches and franchisees has helped us in achieving a de-risked business model and a widespread presence.

We service over 43,500 active clients with team of 188 advisors spread across the country. The emergence of discount broking players in last few years have forced even traditional full service brokers to build an online platform for cost-sensitive retail and high-trading customers. During the year, we have invested in people, research capabilities and online technology platforms, which will help us grow this business, cost effectively. In FY 2016-17, 31% of our client volume has contributed through online trading.

## BUSINESS HIGHLIGHTS (Contd.)

*During the FY 2016-17, we have mobilised more than ₹ 4,415 Crore in various company fixed deposits and bonds, ₹ 2,600 Crore in public issues of equity and debt and more than ₹ 1,049 Crore in various mutual fund schemes.*



### Independent Financial Distribution Group (IFDG):

Independent Financial Distribution Group (IFDG) has a network of over 8,200 active Independent Financial Distributors (IFDs). The IFDs distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds to retail and high net-worth customers across the country.

We are among the top players in terms of distribution of mutual funds, IPOs and fixed deposits through IFDs. During the FY 2016-17, we have mobilised more than ₹ 4,415 Crore in various company fixed deposits and bonds, ₹ 2,600 Crore in public issues of equity and debt and more than ₹ 1,049 Crore in various mutual fund schemes.

Moreover, we have invested in building technology platform to service IFDs in a more efficient manner. Further, we launched an online platform for investments in mutual funds and IPOs, which will help us handle higher business volumes.

### AWARDS



#### Asiamoney Private Banking Poll Awards, 2016

- JM Financial Services Limited was rated as the 2nd Best Private Bank in India in more than US\$25m category based on voting done by HNWI in Asiamoney Private Banking Poll 2016.
- We were recognised by Asiamoney Private Banking Poll., amongst Top 5 Best Private Banks – India - HNWI US\$5.01m-25m category
- We were recognised by Asiamoney Private Banking Poll., amongst Top 10 Best Private Banks – India - HNWI US\$1m-5m category

#### NSE Award, 2016

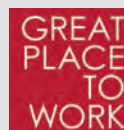
- JM Financial Services Limited was ranked among the top performing members in Cash Market by NSE for FY 2015-16

#### BSE Awards, 2016

- JM Financial Services Limited was ranked among the top performers in Primary Market Segment (Equity – IPO/FPO Bids - Members) by BSE in 2016
- We were ranked among the top performers in Sovereign Gold Bonds by BSE in 2016

#### UTI & CNBC 2016

- JM Financial Services Limited was awarded Best Performing National Financial Advisor – Institutional



- JM Financial Services Limited was ranked as 'India's Best Companies To Work For - Investments Industry



## FUND BASED ACTIVITIES



### LOAN BOOK GROWTH

[₹ in Crore]

16-17		11,343
15-16		7,215
14-15		5,388
13-14		2,979
12-13		3,005
11-12		2,094

Fund-based activities include Commercial Real Estate Lending, Structured Financing, Capital market related lending and Asset Reconstruction Business. Besides, it comprises trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products.

#### Commercial Real Estate Lending

We provide integrated financial solutions to real estate developers with focus on project financing. In FY 2016-17, we catered to sixty groups with a significant focus on repeat business. Our main markets continue to be Mumbai, Pune, Bengaluru and Chennai. We ventured into the Hyderabad market and are planning to enter Kolkata & NCR this year.

We have had a strong track record in lending to real estate sector and have developed strong relationships, skill sets and gained valuable experience over time.

As on March 31, 2017, our total loan book stood at ₹ 8,106 Crore with zero Gross NPAs as compared to ₹ 5,629 Crore as of March 31, 2016.

#### Structured Financing

Structured Finance Group (SFG) aims to provide customised financing solutions under the following broad categories:

- Structured Lending
- Promoter Funding
- Acquisition Financing
- Bridge Financing to Capital Market Exit

As of March 31, 2017 our Corporate loan book stood at ₹ 1,561 Crore compared to ₹ 593 Crore as of March 31, 2016.

*We achieved an important milestone wherein we crossed ₹ 10,000 Crore of total loan book with almost nil Net NPAs.*

## BUSINESS HIGHLIGHTS (Contd.)

### MTF/IPO Division

Our financing business in the area of loan against shares, Margin Funding, ESOP Financing, Loan against Bonds/ Mutual Funds, Sponsor Financing and Loan against Property continued good traction in last year. With pickup in the capital markets, especially the primary market, we ramped up our IPO funding book with total funding of ₹ 50,533 Crore across 30 public issues during the FY 2016-17.

The robust IPO pipeline aided by a supportive regulatory environment coupled with a general uplift in investor sentiment, positive macro environment, tax reforms, stable government etc. augurs well for the growth of the industry. We have also been financing clients for applications in select primary issuances in the equity mainly on the BSE- SME platform which enables the listing of the SME's from the unorganised sector into a regulated and organised sector.

As of March 31, 2017 our capital markets loan book stood at ₹ 1,676 Crore as compared to ₹ 993 Crore as of March 31, 2016.

### Asset Reconstruction Business

At JM Financial ARC, we are consistently focusing on acquisition of corporate accounts and active resolution in accounts already acquired. During the year, we acquired a large NPA account of a real estate developer. The developer is executing 13 projects at five different locations across four states with a good product mix. The projects are capable of generating a surplus equivalent to ~1.9x of the acquired dues upon completion. We are currently working with this developer for restructuring of acquired dues and finalisation of business plan.

As part of our resolution strategy, we aggregated the dues of a pharmaceutical company from other lenders, to expedite our recovery process. We have acquired the debt from 34 lenders which in itself is a unique case in the ARC industry. We are working with the pharma company for restructuring its dues. For its revival, we are considering the sale of some of its plants, which will reduce debt levels and infuse working capital.

In a landmark judgement, protecting the interest of secured creditors, the Bombay High Court upheld that actions taken under the SARFAESI Act shall have a prevailing effect over the inconsistent provisions of the Bombay Relief Undertaking Act. This will reiterate the constitutional principle of federal supremacy in relation to the SARFAESI Act. We were the petitioner in the case and we could succeed in showing that there is inconsistency between the mentioned Acts. The verdict will assist creditors to enforce their rights without any setbacks.

We will continue our efforts on acquiring NPAs with strong underlying business having restructuring potential leading to faster turnaround and resolution. Our investment strategy focuses on acquiring assets at the right price and limiting the downside risk by insisting on sufficient underlying security value.

Our experience in restructuring with additional financing has been good and we will continue to focus on the same.

*We will continue our efforts on acquiring NPAs with strong underlying business having restructuring potential leading to faster turnaround and resolution.*

## ALTERNATIVE ASSET MANAGEMENT

### PRIVATE EQUITY FUND

JM Financial India Fund (the Fund) is an India focused private equity fund. It provides growth capital to dynamic, fast growing companies in India. The Fund raised capital of ₹ 952 Crore through its domestic and offshore schemes and invested the corpus in 13 companies across various sectors.

The Fund has successfully exited from seven of its portfolio companies and has returned an aggregate of 76% of the capital contribution. As of March 2017, the Fund has entered into binding agreements for two exits – one full and one partial exit. The Fund is currently working to seek exit opportunities for the balance portfolio.

JM Financial India Fund II (Fund II) is established as a trust under the Indian Trust Act, 1882 and registered with

the Securities and Exchange Board of India (SEBI), under the SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II AIF. Similar to the Fund, Fund II is an India-focused private equity, which concentrates on investing in dynamic and fast-growing mid-market domestic companies in India. The Fund II has completed one investment and is actively evaluating other investment opportunities.

### REAL ESTATE FUND

JM Financial Property Fund (Property Fund) is a real estate focused private equity fund. It invests in residential, hospitality and mixed use development assets at individual project or at holding level in development companies.

The Property Fund through its domestic and offshore schemes had raised total capital of ₹ 401 Crore, which is at present fully invested. Till date, it has made an aggregate distribution of ₹ 264 Crore. The aggregate distribution amount is 65% of the total capital contribution in rupee terms. Additionally, it has Assets under Management (AUM) of ₹ 180 Crore as of March 31, 2017.

The Property Fund continues to focus on exploring exit opportunities for its outstanding portfolio investments. During the year, the domestic scheme of the Property Fund has received consent from its investors to extend the term by another two years till March 2019.

## ASSET MANAGEMENT

### MUTUAL FUND

The average assets under management of the mutual fund industry touched an all-time high of around ₹ 18.3 trillion for Q4 in FY 2016-17. The robust performance of the industry comes on the back of growing investor awareness and increased inflows in both the equity as well as debt-oriented funds.

JM Financial Mutual Fund's average assets under management (AAUM) FY 2016-17 were at ₹ 13,394 Crore, with Equity AAUM around ₹ 6,620 Crore and Debt AUM around ₹ 6,773 Crore.

Indian markets rallied to near recent high led by strong domestic institutional investor flows and foreign portfolio investor flows as economic fundamentals continue to remain strong.

### AWARD



JM Financial Asset Management Limited was ranked among India's 100 Best Companies To Work For 2016 - The Great Place to Work 2016

## CLIENTS TESTIMONIALS



### Mr. Manu Parpia

Promoter, MD & CEO,  
Geometric Ltd

“

The team from JM Financial has done an outstanding job of conceiving, guiding and executing a complex three party transaction involving the sale of Geometric Ltd and its subsidiaries in two parts viz. to HCL Technologies and Dassault Systemes. The team led by Prakash Chellam was always available, highly pro-active and willing to get into details and go the extra mile to ensure we got a fair value and treatment, while at the same time driving discussions to speedy conclusions. Moreover, the top management was always willing to get involved to guide the transaction along.

All in all, 'Kudos' to the team from a very satisfied customer.

”

### Mr. Minesh Dave

Chief Business Development Officer,  
Tata Power Company Ltd

“

I would like to take this opportunity to place on record our sincere appreciation for the commendable work done by you to help us successfully close the transaction relating to the acquisition of Welspun Renewable Energy Pvt Ltd. This transaction, which perhaps is the largest in the renewables space in India, is of significant strategic importance for Tata Power. The commitment, knowledge and experience that you brought to the table in executing this complex transaction was impressive.

”



**Dr. Keshab Panda**  
CEO & Managing Director,  
L&T Technology Services Ltd



**Mr. Rohan Sikri**  
Senior Partner,  
The Xander Group Inc



**Mr. Raj Menda**  
Corporate Chairman,  
RMZ Corp

“

We are very pleased with the work done by JM Financial during our IPO phase as one of BRLM's. The team from JM did an outstanding job in the entire IPO process and managed to get a significant share in the QIB investor portion. Prakash Chellam who led the JM Financial efforts in this process has an excellent understanding of the ESO industry and was guiding the BRLM teams by providing the right inputs and feedback on a continuous basis. Prakash while working with us on the IPO transaction could understand our business model very well and finely articulated our differentiators to all prospective investors.

”

“

At the outset, I would like to thank the entire team at JM Financial for offering the Xander Group bespoke financial solutions across our real estate investments in India. We are highly impressed with their team's domain expertise, quick turnaround times and ability to structure solutions to meet the needs of our investee companies. In our multi-year relationship, their management has been a reliable partner and trusted advisor. We would like to compliment the team on their competence, dedication and uncompromising ethical standards. We wish the team success and look forward to our continued association.

”

“

We would like to place on record that our experience with JM Financial has been excellent. Their client servicing, deal structuring and customised solutions make them a one-stop shop for all real estate needs. The guidance we receive from Mr. Vishal Kampani has been commendable. He leads a team that has a deep real estate sector knowledge which enables them to turnaround transactions quickly and efficiently.

”

## DRIVING ASPIRATIONS AND ENRICHING LIVES

**At JM Financial, we are building capacities for the under-served and marginalised communities. Recognising the pressing needs across a spectrum of issues such as education, healthcare, sports, animal care and environment is central to all our on-going social interventions. We believe community development will go a long way in supporting our sustainability strategies. Our CSR arm, JM Financial Foundation is consistently supporting NGOs to implement projects at grassroots to improve quality of lives.**

### STRENGTHENING EDUCATION

We believe education is every child's right, as with education comes knowledge and knowledge has the power to drive individuals towards a better tomorrow. We focus on promoting education by offering academic, material and social support, so that underprivileged children can attend school with dignity. One of our partners deploys an activity based curriculum that empowers children to cope with different real-life situations through lessons learnt while engaging in active play.



### EDUCATION WITH CREATIVITY

We continue to back Ashoka University, one of the few in its category that offers liberal arts to students in line with international education institutes. We extend support for their campus development & operations.



### HELPING HAND TO... DEVELOPMENTAL DISABILITY

JM Financial Foundation has partnered with professionals to work with children having developmental disabilities, particularly autism. We support schools that run programmes for children coming from diverse socio-economic backgrounds and disabilities. Intellectual disability is an area we actively support.







## ENCOURAGING BUDDING ATHLETES

The Foundation supports sports training to athletes with the objective of winning medals at the Olympics for our country. 5 out of the 8 medal winners for India in the last two Olympics in London 2012 and Rio 2016 were supported by this organisation.

## ANIMAL CARE

Our project on conservation of the snow leopard in Jammu and Kashmir continues into its second year. The project aims to reduce human wildlife conflicts. We have built 20 predator proof corrals to protect over 1,500 livestock across 20 families in 6 villages.



Photo Credit: Pushpinder Singh Jamwal, WWF-India



## INCULCATING ENVIRONMENTAL AWARENESS

We have partnered with a premier institute to impart environmental education to children from municipal schools in Mumbai. We aim to sensitise and form a proactive base of students who would do their bit to enhance conservation of nature in Mumbai. We saw participation from 2,000 students across 17 schools for this initiative.

## RECHARGING WATER BODIES IN RURAL MAHARASHTRA

We have partnered with a grass root level NGO to implement our project on rehabilitation of drought hit villages of Maharashtra. We are helping to desilt canals to help with distribution of rain water that is harvested during monsoons. We have worked in Beed district and 46 villages have benefited with this project.



## BUILDING CAPACITIES

We support a vocational skills training programme in rural Maharashtra, Uttar Pradesh and Bihar, by way of mobile livelihood development centres (MLDCs). These centres provide training in activities that result in local job opportunities, and self-employment for 1,600 youth.



## HEALTHCARE SUPPORT

We have associated with partners to provide the needy with effective medical treatment, either free or at a subsidised cost. Our healthcare initiatives include rehabilitation of the physically challenged, free health camps for the underprivileged, free cataract surgeries, promotion of alternative medicine like Ayurveda, malnutrition treatment, etc. Furthermore, we have teamed with a partner to provide medical buggies within a hospital to transport patients and the handicapped from one department to another, which was cumbersome. We participated in the 'Gifting warmth' initiative that distributed blankets to street dwellers in Delhi to cope with the extreme winters.

## JM FINANCIAL WALKATHON

The Walkathon is one of the key annual initiatives of JM Financial Foundation initiated in 2002. It involves a six kilometre walk along the picturesque Marine Drive sea-front in Mumbai.

Every year, our people, along with their friends and families as well as clients, actively participate in it. The funds raised from the Walkathon are utilised towards various initiatives throughout the year, which focus on benefiting various segments of the society. Our most recent Walkathon was held on Sunday, February 12, 2017 and witnessed close to 700 enthusiastic participants.





## OUR TEAM - OUR CORE ASSET

**At JM Financial, talent is our most valuable asset and we believe that the ultimate identity and success of our Firm lies in the excellent quality of our people and their commitment towards attaining our organisational goal.**

### TRAINING THE TEAM

Building and developing our talent pool is our key priority and we strive to create an environment that encourages continuous learning. Employees are given opportunities to develop their skills and this includes both behavioural as well as technical trainings. During the year, we organised several workshops, sessions to impart knowledge to our people on behavioural sciences. Some of these include competency-based interviewing skills, corporate grooming and etiquettes, the art of persuasion to improve negotiation skills etc.

During the year, we also conducted many technical trainings for our different teams to develop their skills. Our people were trained in MS Office, Credit Risk Modelling, Financial Modelling, Finance for Non Finance, Bond Mathematics and others.



### EMPLOYEE ENGAGEMENT ACTIVITIES

At JM Financial, we strive to bring our employees together through various activities and celebrations provide a well-deserved break and help employees to remain engaged. Festivals also bring employees closer and help improve work relationships. We celebrated all major festivals and important days like Independence Day, and Women's Day. Active participation from our people made these events memorable with great food, fun activities and games.

Additionally, we organised staff picnics, and as well as Off-sites which provide a platform for each business to focus on business strategy for the coming year and team building to reinforce inter-team functionalities. Besides, we encourage our people to associate with cultural programmes like the Music Club and the photography fest (All India Corporate Photography Contest 2016).

During FY 2016-17, we participated in employee engagement surveys such as Great Places to Work and AON Hewitt Survey.



### TALENT MANAGEMENT

Building and developing our talent pool is our continuous and top priority and we have been successful in attracting diverse talent with sound expertise, new perspectives and experience. JM Financial has a strong brand presence in the market and our empanelled service partners help us study, survey and attract superior talent in the market.



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### NON EXECUTIVE CHAIRMAN

Mr. Nimesh Kampani

#### MANAGING DIRECTOR

Mr. Vishal Kampani

#### INDEPENDENT DIRECTORS

Mr. E A Kshirsagar

Mr. Darius E Udawadia

Mr. Paul Zuckerman

Dr. Vijay Kelkar

Mr. Keki Dadiseth

Ms. Jagi Mangat Panda

#### GROUP CHIEF OPERATING OFFICER

Ms. Dipti Neelakantan

#### GROUP HEAD - COMPLIANCE, LEGAL & COMPANY SECRETARY

Mr. Prashant Choksi

#### GROUP CHIEF FINANCIAL OFFICER

Mr. Manish Sheth

### PRINCIPAL BANKER

HDFC Bank Limited

### STATUTORY AUDITORS

M/s. Khimji Kunverji & Co.

### REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Private Limited

Unit: JM Financial Limited

Karvy Selenium Tower B, Plot 31-32,

Gachibowli,

Financial District, Nanakramguda,

Hyderabad – 500 032

Phone: 040-67162222 Fax: 040-23001153

Toll Free No.: 1800-345-4001

Email ID: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

### REGISTERED OFFICE

JM Financial Limited

7th Floor, Cnergy, Appasaheb Marathe

Marg, Prabhadevi, Mumbai- 400025

Tel: 91-22-66303030 Fax: 91-22-66303223

Email: [shareholdergrievance@jmfl.com](mailto:shareholdergrievance@jmfl.com)

Website: [www.jmfl.com](http://www.jmfl.com)

**CIN: L67120MH1986PLC038784**

# NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF JM FINANCIAL LIMITED (THE COMPANY) WILL BE HELD ON MONDAY, JULY 24, 2017 AT 4.00 P.M. AT RAMA AND SUNDRI WATUMULL AUDITORIUM, KISHINCHAND CHELLARAM COLLEGE, 124, DINSHAW WACHHA ROAD, CHURCHGATE, MUMBAI - 400 020 TO TRANSACT THE FOLLOWING BUSINESS:

## ORDINARY BUSINESS

1. To receive, consider and adopt:
  - (a) the Audited Standalone Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the reports of the Board of Directors and the Auditors thereon; and
  - (b) the Audited Consolidated Financial Statements of the Company consisting of the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Explanatory Notes annexed to, and forming part of, any of the said documents together with the Auditor's Report thereon.
2. To declare final dividend.
3. To appoint a Director in place of Mr. Nimesh Kampani (DIN: 00009071), who retires by rotation and being eligible, seeks re-appointment.
4. To appoint the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, Deloitte Haskins & Sells LLP, Chartered Accountants Mumbai (Registration No. 117366W/W-100018), be and are hereby appointed as the Statutory Auditors of the Company in place of retiring auditors M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai (Registration No. 105146W), to hold office for a

period of five years from the conclusion of the Thirty Second Annual General Meeting (AGM) till the conclusion of the Thirty Seventh AGM subject to ratification of their appointment by the Members of the Company at every AGM held after Thirty Second AGM, at an audit fee of ₹ 13,00,000/- (Rupees Thirteen Lakh only) for the financial year 2017-18 plus applicable tax and reimbursement of actual out of pocket expenses that may be incurred by them during the course of their audit."

## SPECIAL BUSINESS

5. To consider, and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter called "the Act"), including any statutory modification(s) or re-enactment thereof for the time being in force and subject to the approval of the Central Government, if any and to the extent required, the consent of the Members be and is hereby accorded to the appointment of Mr. Vishal Kampani (DIN: 00009079) as Managing Director of the Company for a period of 5 (five) years with effect from October 1, 2016 on the terms and conditions including the remuneration as set out in the Agreement dated October 27, 2016 entered into between the Company and Mr. Kampani, with authority to the Board of Directors (hereinafter referred to as "the Board", which term shall include any Committee thereof) to alter and vary the terms and conditions of the said appointment and/or Agreement PROVIDED HOWEVER THAT the total remuneration by way of salary, allowances, perquisites and performance linked discretionary bonus shall not exceed the applicable ceiling prescribed under the Act and Schedule V thereto, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force or such other higher amount of remuneration as may be approved by the Central Government."

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits during Mr. Vishal Kampani's tenure as Managing Director, the remuneration as set out in Agreement as above, be paid or granted to him as the minimum remuneration subject to the applicable provisions of the Act."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as

## NOTICE

it may consider necessary, expedient, usual or proper to give full effect to the above resolution.”

6. To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Sections 23, 42, 71 and other applicable provisions of the Companies Act, 2013 (hereinafter called “the Act”) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the Companies (Share Capital and Debentures) Rules, 2014, including any statutory modification or re-enactment thereof, for the time being in force, and pursuant to the applicable provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and the circulars and clarifications issued by the Reserve Bank of India from time to time and to the extent applicable to the Company and subject to the provisions of the Company’s Memorandum and Articles of Association, consent of the Members be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any Committee thereof) to offer, issue and allot secured/unsecured redeemable non-convertible debentures, in one or more series/tranches, aggregating up to ₹ 5,000 Crore (Rupees Five Thousand Crore), on private placement basis and/or through public offer, on such terms and conditions as the Board may, from time to time, determine and consider proper and beneficial to the Company.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give full effect to the above resolution and matters connected therewith or incidental thereto.”

7. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”) and Section 188 of the Companies Act, 2013 (hereinafter called “the Act”) if and to the extent applicable and other applicable provisions

of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any Committee thereof) to enter into any and all transactions/contracts/arrangements with JM Financial Credit Solutions Limited (JM Financial Credit Solutions), a subsidiary of the Company and a ‘related party’ as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, relating to making of loans to, and/or giving of guarantees or providing security on behalf of JM Financial Credit Solutions and/or making of investments in the securities of JM Financial Credit Solutions and the purchase from and/or sale to it of any securities and/or providing/availing of services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such transactions/contracts/arrangements that may be entered into by the Company with JM Financial Credit Solutions and remaining outstanding at any one point in time shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore) during a financial year.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to the above resolution.”

8. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called “the Listing Regulations”) and Section 188 of the Companies Act, 2013 (hereinafter called “the Act”) if and to the extent applicable and other applicable provisions of the Act read with Rule 15 of The Companies (Meetings of Board and its Powers) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board” which term shall include any Committee thereof) to enter into any and all transactions/contracts/arrangements with JM Financial Asset Reconstruction Company Limited (JM Financial ARC), a subsidiary of the Company and a ‘related

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party' as defined in Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, relating to making of loans to, and/or giving of guarantee or providing security on behalf of JM Financial ARC and/or making of investments in the securities of JM Financial ARC and/or the purchase from and/or sale to it of any securities and/or providing/availing of services by the Company, on such terms and conditions as the Board in its absolute discretion may deem fit PROVIDED HOWEVER THAT the aggregate amount/value of all such transactions/contracts/arrangements that may be entered into by the Company with JM Financial ARC and remaining outstanding at any one point in time shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore) during a financial year."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient for the purpose of giving effect to the above resolution."

By Order of the Board

**Prashant Choksi**  
Group Head - Compliance, Legal  
& Company Secretary

Date: May 2, 2017

**Registered Office:**

7th Floor, Cnergy  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai - 400 025  
(CIN: L67120MH1986PLC038784)

## NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE VALID MUST BE DULY FILLED IN ALL RESPECTS AND SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

Pursuant to the provisions of the Companies Act, 2013 (hereinafter called "the Act") and the Rules made thereunder a person can act as proxy on behalf of the Members not exceeding 50 (fifty) in number and holding in the aggregate not more than 10% (ten percent) of the total share capital of the Company. Proxies submitted on behalf of the companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable. A member holding more than 10% (ten percent) of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

1. The relevant statements to be annexed to the Notice pursuant to Section 102 of the Act, which sets out details relating to the special business at item nos. 5 to 8 of the Notice, are annexed hereto and forms part of this Notice.

2. Members are requested to:

i bring the attendance slip duly completed and signed at the meeting.

ii quote their respective folio numbers or DP ID and Client ID numbers for easy identification of their attendance at the meeting.

3. Body Corporate members of the Company are requested to send a certified copy of the board resolution authorising their representative(s) to attend and vote at the meeting.

4. The Register of Members of the Company shall remain closed from Monday, May 15, 2017 to Friday, May 19, 2017 (both the days inclusive) for the purpose of dividend and Annual General Meeting (AGM).

5. The final dividend as recommended by the Board of Directors, if declared at the ensuing AGM, will be paid on and from Thursday, July 27, 2017 to those members:

i whose names appear in the Register of Members at the close of business hours on Friday, May 12, 2017, in respect of shares held by them in physical form; and

ii whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited at the close of the business hours on Friday, May 12, 2017, in respect of shares held by them in dematerialised form.

6. Pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority

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(Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter called “the IEPF Rules”), the amount of dividend which remain unclaimed or unpaid for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) of the said Section is required to be transferred to the Investor Education and Protection Fund (IEPF) established under sub-section (1) of Section 125 of the Act. Accordingly, the unclaimed dividend in respect of the financial year 2009-10 is due for transfer to the IEPF in August 2017. Members who have not yet claimed their dividend for the financial year 2009-10 or for any subsequent financial years, are requested to immediately claim the same from the Company.

Additionally, pursuant to sub-section (6) of Section 124 of the Act read with the IEPF Rules, all shares in respect of which dividend has not been claimed for past seven consecutive years shall be transferred by the Company in the name of IEPF by way of credit to the Demat Account established by the IEPF Authority on or before May 31, 2017 or such other date as may be specified by the Central Government in this regard. Any person whose shares are thus transferred to IEPF may claim his/her/its shares under proviso to Section 124(6) of the Act by following the process given under Rule 7 of the IEPF Rules.

In terms of the relevant IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends (both for Interim and Final Dividend) for the financial years from 2009-10 to 2014-15 and Interim Dividend for the financial year 2015-16 as on the date of the Thirty First Annual General Meeting (AGM) held on August 2, 2016, on the website of the IEPF viz., [www.iepf.gov.in](http://www.iepf.gov.in) and under “Investor Relations” section on the Website of the Company viz., [www.jmfl.com](http://www.jmfl.com).

7. Pursuant to the provisions of Sections 124 and 125 of the Act, the Company has transferred an amount of ₹ 4,65,133/- being the unclaimed dividend for the financial year 2008-09 to IEPF on November 10, 2016. The details in respect of the transfer of amount of unclaimed dividend for last seven years is given in the General Shareholders’ Information Section forming part of this Annual Report.
8. Pursuant to the provisions of Sections 101 and 136 of the Act read with the Companies (Accounts) Rules, 2014, electronic copy of the Annual Report for the financial year 2016-17 is

being sent to those members whose email IDs are registered with their respective Depository Participants (DPs), the Company or its Registrars & Share Transfer Agents, viz., Karvy Computershare Private Limited for communication purposes unless any member has requested for a hard copy of the same. Members who have not registered their email addresses so far, are requested to promptly intimate the same to their respective DPs or with the Company/its Registrars & Share Transfer Agents, as the case may be. Physical copies of the Annual Report for the financial year 2016-17 will be sent through the permitted mode in cases where the email addresses are not registered with the Company.

9. Electronic copy of the Notice convening the Thirty Second Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members who hold shares in dematerialised mode and whose email IDs are registered with their respective DPs. Those members who have not registered their email address, physical copies of the said Notice, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent through permitted mode.
10. Members may also note that the Annual Report for the financial year 2016-17 including the Notice convening the Thirty Second Annual General Meeting will also be available on the Company’s website viz., [www.jmfl.com](http://www.jmfl.com) which can be downloaded from the site. The physical copies of the aforesaid documents will also be available at the Company’s registered office in Mumbai for inspection on all the working days, except Saturdays between 2.00 p.m. and 4.00 p.m. upto the date of Thirty Second AGM. Even after registering for e-communication, members are entitled to receive such documents in physical form, upon making a request for the same, free of cost. The members may also send their requests to the Company’s investor email id: [shareholdergrievance@jmfl.com](mailto:shareholdergrievance@jmfl.com) requesting for documents.
11. Voting through electronic means
  - I. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides to its members, the facility to exercise their right to vote on resolutions



# NOTICE

proposed to be considered at the Thirty Second Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using the electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Karvy Computershare Private Limited (Karvy).

- II. The facility for voting through ballot paper shall also be made available at the AGM and the members attending the meeting shall be able to exercise their right to vote at the meeting through ballot paper in case they have not casted their vote by remote e-voting.
- III. The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM **but shall not be entitled to cast their votes again.**
- IV. The remote e-voting period commences on Thursday, July 20, 2017 (9:00 a.m.) and ends on Sunday, July 23, 2017 (5:00 p.m.). During this period, the members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Monday, July 17, 2017, may cast their votes by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter.
- V. Once the vote on a resolution is cast by the member, through e-voting such member shall not be allowed to change it subsequently.
- VI. A person who is not a member as on cut-off date should treat this Notice for information purpose only.
- VII. The process and manner for remote e-voting is as under:
  - A. Members whose email IDs are registered with the Company/DPs will receive an email from Karvy informing them of their User-ID and Password. Once the Members receive the email, he or she will need to go through the following steps to complete the e-voting process:
    - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
    - (ii) Enter the login credentials (i.e. User ID and

Password) which will be sent separately. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and Password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.

- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$,etc.). The system will prompt you to change your password and update your contact details like mobile number, email address, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event Number for JM Financial Limited.
- (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. If you do not want to cast your vote, select "ABSTAIN".
- (viii) Members holding shares under multiple

# NOTICE

- folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- (ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm your vote on the Resolution(s), you will not be allowed to modify your vote. During the voting period, members can login any number of times till they have voted on the Resolution(s).
- (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Power of Attorney/Authority Letter, etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: [jayshreedagli@gmail.com](mailto:jayshreedagli@gmail.com) or [shareholdergrievance@jmfl.com](mailto:shareholdergrievance@jmfl.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the format "Corporate Name\_EVENT NO."
- B. In case a member receives physical copy of the Notice of AGM [for those members whose email IDs are not registered or who have requested the physical copy]:
- a) Initial password is provided in below format at the bottom of the Attendance Slip for the AGM :
- |         |          |
|---------|----------|
| USER ID | PASSWORD |
|---------|----------|
- b) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- VIII. In case of any query pertaining to e-voting, please visit 'Help & FAQ's section' available at Karvy's website <https://evoting.karvy.com>.
- IX. If you are already registered with Karvy e-voting platform then you can use your existing User ID and Password for casting the vote through remote e-voting.
- X. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication.
- XI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Monday, July 17, 2017.
- XII. Any person who becomes a member of the Company after despatch of the Notice of the Meeting and holding shares as on the cut-off date i.e., Monday, July 17, 2017, may obtain the User ID and Password in the manner as mentioned below:
- a) If the mobile number of the member is registered against Folio No./DP ID and Client ID, the member may send SMS : **MYEPWD <space> E-Voting Event Number + Folio No. or DP ID and Client ID to 9212993399**  
Example for NSDL:  
MYEPWD <SPACE> IN12345612345678  
Example for CDSL:  
MYEPWD <SPACE> 1402345612345678  
Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
- b) If e-mail address or mobile number of the member is registered against Folio No./DP ID and Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID and Client ID and PAN to generate a password.



# NOTICE

- c) You may call Karvy's toll free number 1-800-3454-001 for any help.
- d) You may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com).
- XIII. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, viz., Monday, July 17, 2017 only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
- XIV. Ms. Jayshree S Joshi, Company Secretary (Membership No. FCS 1451), Proprietor of Jaysree Dagli & Associates, Company Secretaries, Mumbai has been appointed as the Scrutiniser by the Board of Directors of the Company to scrutinise the e-voting process in a fair and transparent manner.
- XV. Voting shall be allowed at the end of discussion on the resolutions on which voting is to be held with the assistance of Scrutiniser, by use of ballot paper for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- XVI. The Scrutiniser shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorised by the Chairman in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVII. The results declared along with the report of the Scrutiniser shall be placed on the website of the Company, viz., [www.jmfl.com](http://www.jmfl.com) and on the website of Karvy immediately after the declaration of result by the Chairman or by a person, duly authorised for the purpose. The results shall also be immediately forwarded to the National Stock Exchange of India Limited and BSE Limited, where the equity shares of the Company are listed.
- XVIII. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the AGM i.e., Monday, July 24, 2017.
12. The Company has paid the annual listing fees for the financial year 2017-18 to BSE Ltd. and National Stock Exchange of India Limited.
13. Members are entitled to make nomination in respect of the shares held by them in physical form. Members desirous of making nominations may send their request in Form No. SH-13 in duplicate to the Registrars and Share Transfer Agents (RTA) of the Company. Members may obtain a blank Form No. SH-13 upon request to the Company or its RTA.
14. Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in physical form are requested to submit their PAN details to the Company or to the RTA if not submitted earlier.
15. The Company has made necessary arrangements for the members to hold their shares in dematerialised form. Those members who are holding shares in physical form are requested to dematerialise their shares by approaching any of the registered DPs. In case any member wishes to dematerialise his/her/its shares and needs any assistance, he/she/it may write to the Company Secretary at the Registered Office of the Company.
16. **Payment of dividend through Electronic Clearing Services (ECS)/ National Automated Clearing House (NACH):**
- All companies are mandatorily required to use ECS/NACH facility wherever available for payment of dividend, wherein the dividend amount would be directly credited to the members' respective bank accounts.

## NOTICE

Members holding shares in electronic form are informed that bank particulars registered in their respective demat accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the respective DPs of the members. All Members holding shares in electronic form are, therefore, requested to update their correct bank details with their DPs to ensure receipt of dividend through ECS/NACH mode. Members holding shares in physical form and desirous of either registering their bank particulars or changing bank particulars already registered on their respective folios for

payment of dividend are requested to write to the Company or to its RTA.

17. Members are requested to immediately notify any change in their address to:
  - their DPs in case they hold shares in electronic form; and
  - RTA or the Company (preferably along with their bank account details) in case they hold shares in physical form so as to enable the Company to dispatch the dividend pay orders or the communication relating to the ECS/NACH at their changed address.

### REQUEST TO MEMBERS

Members are requested to send their queries, if any, relating to the financial statements, shareholding, etc., to the Company Secretary/ Chief Financial Officer at the Registered Office of the Company, on or before July 14, 2017, so that the answers/details can be kept ready at the Annual General Meeting.

# ANNEXURE TO NOTICE

## EXPLANATORY STATEMENT IN RELATION TO ITEM NO. 4 (ORDINARY BUSINESS) PERTAINING TO APPOINTMENT OF STATUTORY AUDITORS

Section 139 of the Companies Act, 2013 ('the Act') which became effective from April 1, 2014, read with the Rules made thereunder provides for mandatory rotation of statutory auditors. In terms of Section 139(2) of the Act, the maximum tenure of the audit firm is restricted to two consecutive terms of 5 years each. The Rules also lay down the transitional period for which the existing auditors who have completed 10 years before the Act becoming effective can continue to act as statutory auditors.

M/s. Khimji Kunverji & Co., Mumbai have been the Statutory Auditors of the Company for more than 10 years and will be completing the transitional period at the conclusion of the Thirty Second Annual General Meeting (AGM) of the Company scheduled to be held on July 24, 2017.

The Audit Committee and the Board of Directors of the Company at their respective meetings held on May 2, 2017, have considered and recommended, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company for a period of five years commencing from the conclusion of the Thirty Second AGM till the conclusion of the Thirty Seventh AGM to the Members of the Company.

Deloitte Haskins & Sells LLP have consented to act as the Statutory Auditors of the Company and have also provided their written confirmation that their appointment, if made, would be in accordance with the provisions of Section 139(1) of the Act read with Companies (Audit and Auditors) Rules, 2014 and that they further satisfy the criteria provided under Section 141 of the Act. They have also confirmed that they hold a valid certificate issued by the "Peer Review Board" of the Institute of Chartered Accountants of India in accordance with the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

The Board commends passing of the Ordinary Resolution set out at item no. 4 of the Notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested financially or otherwise, in the resolution set out at item no. 4 of the Notice.

## STATEMENT TO BE ANNEXED TO NOTICE PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (HEREINAFTER CALLED 'THE ACT')

### Item No. 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on September 23, 2016, unanimously approved the appointment of Mr. Vishal Kampani (DIN: 00009079) as Managing Director of the Company for a period of 5 (five) years, with effect from October 1, 2016. The terms and conditions governing his appointment including remuneration were also approved and set out in the Agreement entered into between the Company and Mr. Kampani.

Mr. Vishal Kampani is also the Managing Director of JM Financial Products Limited (JM Financial Products), a material subsidiary of the Company and draws remuneration from the said subsidiary.

The applicable provisions of the Act permits a person to get appointed as managing director of two companies and also draw remuneration from one or both such companies. If a person draws remuneration from two companies of which he is a managing director, then in that event, the total remuneration drawn from both such companies shall not exceed the higher maximum limit admissible from any one of the companies of which he is a managing director.

As per the terms of the Agreement entered into by the Company with Mr. Vishal Kampani, so long as Mr. Kampani serves as Managing Director of the Company and of JM Financial Products, the total amount of remuneration that may be paid to Mr. Kampani by the Company and JM Financial Products shall not exceed the higher maximum limit admissible from the Company or JM Financial Products, as the case may be in accordance with the applicable provisions of the Act and Schedule V thereto.

The material terms and conditions of the Agreement entered into with Mr. Kampani are as under:

- 1. Period of Appointment:** The Company to employ Mr. Vishal Kampani to serve the Company as its Managing Director for a period of 5 (five) years commencing from October 1, 2016.
- 2. Duties:** Mr. Kampani to discharge such functions, exercise such powers and perform and discharge such duties and

## ANNEXURE TO NOTICE

responsibilities as the Board of Directors (“the Board”) of the Company shall from time to time in its absolute discretion determine and entrust to him. Subject to the superintendence, control and direction of the Board and subject to such restrictions or limitations as the Board may in its discretion determine, Mr. Kampani, as Managing Director, to have the general control of the affairs of the Company and be vested with the management and day to day affairs of the Company. Additionally, Mr. Kampani to supervise the business affairs of the Company’s subsidiaries and provide necessary advice and guidance to them from time to time in furtherance of their respective businesses.

3. **Travel:** Mr. Kampani to undertake such travel in and outside India as may be necessary in the best interests of the Company or as may from time to time be required or directed by the Board in connection with or in relation thereto.

#### 4. Remuneration:

##### A. Salary:

- (i) Salary of ₹ 10 Lakh (Rupees Ten Lakh only) per month or such higher salary as may be decided by the Board and/or Nomination and Remuneration Committee of the Board in the range of ₹ 10 Lakh to ₹ 15 lakh per month during the tenure of Mr. Kampani as the Managing Director;
- (ii) Performance Linked Discretionary Bonus as may be decided by the Board or Nomination and Remuneration Committee of the Board.

##### B. Perquisites:

- (i) The Company to provide Mr. Kampani fully furnished residential accommodation including its up-keep and maintenance;
- (ii) The Company to provide gas, electricity, water and furnishing at Mr. Kampani’s residence, the cost of which shall be borne and paid by the Company;
- (iii) The Company to provide up to two motor cars along with chauffeur for business and personal use;

- (iv) The Company to pay for annual and/or periodic membership fees of not more than two clubs on behalf of Mr. Kampani;
- (v) The Company to reimburse the actual medical expenses incurred in India and/or abroad by Mr. Kampani, his spouse, dependent children and his parents.
- (vi) The Company to pay for group personal accident insurance, group term life insurance and group hospitalisation insurance for Mr. Kampani and his family in accordance with the Rules for the time being in force;
- (vii) The benefit of the Company’s Provident Fund Scheme in accordance with the Rules of the Company for the time being in force;
- (viii) Gratuity, as per the Company’s rules;
- (ix) Encashment of un-availed leave at the end of Mr. Kampani’s tenure as Managing Director as per the Rules of the Company for the time being in force;
- (x) The Company to provide for business class return air fare once in a year to any destination for Mr. Kampani, his spouse and two dependent children.

**C. Valuation of perquisites:** Perquisites shall be valued as per the Income Tax Rules, wherever applicable, and in the absence of any such rules, it shall be valued at actual cost.

**D. Income Tax,** if any, in respect of the aforesaid remuneration to be borne and paid by Mr. Kampani.

**E. Computation of ceiling:** The contribution to provident fund, gratuity and encashment of leave shall not be included in the computation of perquisites for the purposes of ceiling to the extent these are not taxable under the Income-tax Act, 1961.

**F. Minimum Remuneration:** Notwithstanding anything

## ANNEXURE TO NOTICE

to the contrary contained in the Agreement, if during the tenure of Mr. Kampani as Managing Director, the Company has no profits, or its profits are inadequate, the remuneration mentioned in the Agreement shall be paid by the Company to Mr. Kampani as minimum remuneration and the same shall be subject to the applicable provisions of the Act and Schedule V thereto, as may be amended from time to time or any equivalent statutory re-enactment thereof for the time being in force.

- G. (i) **Leave entitlement:** Mr. Kampani to be entitled to leave on full remuneration as per the Rules of the Company for a period of 25 (twenty five) days in every twelve months' service and sick leave as per the Rules of the Company for the time being in force.

(ii) **Telephone:** The Company to provide up to two telephone lines at the residence of Mr. Kampani and expenses of the same will be borne and paid by the Company.

(iii) Mr. Kampani will not be paid any sitting fees for attending meetings of the Board or any Committees of the Board.

- H. Mr. Kampani to be entitled to receive from the Company, the remuneration including the salary, performance linked discretionary bonus and perquisites, etc., up to 5% of the consolidated net profits of the Company during any financial year subject to the applicable provisions of the Act and Schedule V thereto, as amended from time to time.

- I. So long as Mr. Kampani serves as a managing director of the Company and JM Financial Products, the total amount of remuneration that may be paid to Mr. Kampani by the Company and/or JM Financial Products, shall not exceed the higher maximum limit admissible from the Company or JM Financial Products, as the case may be, in accordance with the applicable provisions of the Act and Schedule V thereto.

5. Mr. Kampani to comply with the Company's Code of Conduct, Code for Prevention of Insider Trading and Code for Directors & Senior Management Personnel, as amended from time to time.

### 6. Termination of employment:

- (i) The Company to be entitled to terminate the employment of Mr. Kampani as Managing Director by giving notice in writing upon the happening of any of the following:

- (a) Mr. Kampani committing a breach of any of the terms, provisions or covenants contained in the Agreement;
- (b) Wilful violation by Mr. Kampani of the Company's Code of Conduct;
- (c) Conviction of Mr. Kampani for an offence involving moral turpitude;
- (d) Any gross or wilful negligence by Mr. Kampani of his duties as Managing Director.

In each of the above cases, any such termination shall only become effective upon Mr. Kampani receiving 30 (thirty) days prior written notice from the Company.

- (ii) Either the Company or Mr. Kampani may terminate the Agreement by giving not less than 3 (three) calendar months' prior notice in writing to the other without the necessity of showing any cause.

7. **Alteration to the Agreement:** No alteration or amendment to the Agreement to be valid and binding unless made in writing and agreed by the parties thereto.

The approval of the Members is sought for Mr. Vishal Kampani's appointment as Managing Director of the Company and to the above remuneration paid/payable to him pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions of the Act read with Schedule V thereto. Mr. Kampani fulfils the conditions for eligibility contained in Part I of Schedule V to the Act.

A copy of the Agreement will be available for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Second Annual General Meeting.

## ANNEXURE TO NOTICE

The Board commends passing of the Ordinary Resolution set out at item no. 5 of the Notice.

Mr. Vishal Kampani, being an appointee, and Mr. Nimesh Kampani, father of Mr. Vishal Kampani are concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice. Other than the above Directors, no other Director/Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice.

### Item No. 6

Pursuant to Sections 23, 42, 71 and other applicable provisions of the Act, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014, a company shall not make a private placement or public issue of its securities unless the proposed offer of securities or invitation to subscribe to the securities has been previously approved by the members of a company by a special resolution. In case of any offer or invitation to subscribe to Non-Convertible Debentures (NCDs), it shall be sufficient if such company passes the special resolution only once in a year for all such offers or invitations during one year period from the date of passing the Special Resolution by the members of the Company.

The Company had obtained the approval of members by way of Special Resolution passed at the Thirty First Annual General Meeting held on August 2, 2016 for raising of funds of up to ₹ 1,000 Crore (Rupees One Thousand Crore only) by way of issue of NCDs, in one or more tranches. Pursuant to the said approval, the Company has not raised any amount by way of issue of NCDs. The current approval of members is valid up to August 1, 2017. Considering the potential increase in the business of operating subsidiaries in the FY 2017-18, it is proposed to enhance the Company's ability to raise funds by way of issue of NCDs from ₹ 1,000 Crore (Rupees One Thousand Crore) to ₹ 5,000 Crore (Rupees Five Thousand Crore).

The proceeds of the issue of NCDs are proposed to be utilised by the Company, inter-alia, for grant of loans to its subsidiaries and/or group companies or for the acquisition of securities of its subsidiaries and/or group companies and for the general corporate purposes of the Company. Accordingly, consent of the

Members is sought for issuing the NCDs aggregating up to ₹ 5,000 Crore (Rupees Five Thousand Crore only) by passing the Special Resolution set out at item no. 6 of the Notice. This resolution will enable the Board of Directors to raise monies through the issue of NCDs, when required any time during the period of one year commencing from July 25, 2017.

The Board commends passing of the Special Resolution set out at item no. 6 of the Notice.

None of the Directors/Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested, financially or otherwise, (except to the extent of the NCDs that may be offered to, and taken up by them), in the resolution set out at item no. 6 of the Notice.

### Item Nos. 7 & 8

Pursuant to the Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "the Listing Regulations"), all related party transactions shall require prior approval of the Audit Committee and all material transactions with related parties shall require approval of the members of a public listed company through a resolution and the concerned related parties shall abstain from voting on such resolution. Additionally, as per the provisions of Section 188 of the Act read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, all related party transactions beyond the thresholds mentioned in sub-rule (3)(a) of the said Rule 15, shall require prior approval of the members at a general meeting.

"Material Related Party Transaction" under the Listing Regulations means any transaction(s) entered into individually or taken together with previous transactions during a financial year exceeding 10% of the annual consolidated turnover of a listed company as per its last audited financial statements. The annual consolidated turnover of the Company for the financial year 2016-17 is ₹ 2,359.26 Crore. Accordingly, any transaction(s) by the Company with its related party exceeding ₹ 235.93 Crore (10% of the Company's annual consolidated turnover) shall be considered as material transaction and hence, prior approval of the Members will be required for the same.

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The Company is a Core Investment Company (CIC) registered with the Reserve Bank of India (the RBI). In accordance with Core Investment Companies (Reserve Bank) Directions, 2016 the Company is required to hold not less than 90% of its net assets in the form of investments in equity shares, preference shares, bonds, debentures, debt or loans in its group companies. Additionally, the Company's investments in the equity shares of group companies shall not be less than 60% of its net assets at any point of time. Accordingly, the Company has made investments in its group companies and it also makes further investments and/or lends funds in/to its group entities from time to time as and when they require funds for their business activities/working capital needs.

The Company has a net worth of ₹ 1,725.52 Crore and it enjoys credit rating of CRISIL A1+ by Crisil Limited and [ICRA]A1+ and [ICRA] AA (stable) from ICRA Limited for its borrowings. Apart from lending to the operating group companies, at times the lenders prefer lending to the group's holding company. To take advantage of most competitive interest rate on the group borrowing, the Company may borrow moneys from the market at competitive rates and onward lend to its subsidiaries and/or group companies by keeping a spread of up to 1% over its cost of borrowing. This would help in reducing the overall cost of borrowing for the group.

In view of the above, it is proposed to obtain the members' approval for the following transactions which may be entered into by the Company with its related parties from time to time:

Sr. No.	Name of the Related Party	Nature of Relationship	Nature of Transaction	Amount (₹ in Crore)*
1.	JM Financial Credit Solutions Limited	Subsidiary Company	Loan/Inter-corporate Deposits/ Investment, purchase and/or sale of securities, transfer of assets, providing/availing of services, etc.	Up to ₹ 500 Crore
2.	JM Financial Asset Reconstruction Company Limited	Subsidiary Company	Loan/Inter-corporate Deposits/ Investment, purchase and/or sale of securities, transfer of assets, providing/availing of services, etc.	Up to ₹ 500 Crore

\* The ceiling on the amounts of transactions specified as above would mean the transactions, if any, entered into and remaining outstanding at any point in time.

The Members at the Thirty First Annual General Meeting had accorded their approval, inter alia, to give loans/inter corporate deposit to JM Financial Credit Solutions Limited (JM Financial Credit Solutions) and JM Financial Asset Reconstruction Company Limited (JM Financial ARC) for an amount of up to ₹ 500 Crore each. Pursuant to the said approval, the Company has done transactions with JM Financial Credit Solutions for an amount aggregating ₹ 4.87 Crore and with JM Financial ARC for an amount aggregating ₹ 264.25 Crore during the financial year 2016-17. Apart from the above, no other transactions have been entered into by the Company with these companies.

JM Financial Credit Solutions is a non-banking finance company registered with Reserve Bank of India and engaged in lending activities focused on real estate financing which include loan against commercial real estate/properties. Currently, the Company holds 50.01% of the total share capital in JM Financial

Credit Solutions, and the remaining 49.99% stake is held by the funds managed by Mr. Vikram Shankar Pandit, Mr. Hariharan Ramamurthi Aiyar and Mrs. Aparna Murthy Aiyar.

JM Financial ARC is a Securitisation Company registered with Reserve Bank of India and engaged in acquisition of non-performing and distressed assets (NPAs) from Banks and Financial Institutions. Consequent upon the amendment in the provisions of Section 3(3)(f) of the SARFAESI Act, 2002, the Company increased its equity stake in JM Financial ARC from 50.00% to 50.01% on September 30, 2016. Hence, JM Financial ARC has become a subsidiary of the Company with effect from September 30, 2016.

The above transactions, which are enabling in nature, have been approved by the Audit Committee of the Company at its meeting held on May 2, 2017, in terms of the requirements of Regulation 23(4) of the Listing Regulations.

## ANNEXURE TO NOTICE

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The Board commends passing of the Ordinary Resolutions set out at item nos. 7 and 8 of the Notice.

Mr. Darius E Udawadia, Mr. Vishal Kampani, Directors of JM Financial Credit Solutions and Mr. Nimesh Kampani, being relative of Mr. Vishal Kampani may be deemed to be interested in the above transactions between the Company and JM Financial Credit Solutions.

Except the above Directors and their Relatives, none of the other Directors/Key Managerial Personnel of the Company or their relatives is, in any way concerned or interested, financially or otherwise, in the Ordinary Resolutions set out at item nos. 7 and 8 of the Notice.

By Order of the Board

**Prashant Choksi**  
Group Head - Compliance, Legal  
& Company Secretary

Date: May 2, 2017

**Registered Office:**  
7th Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai - 400 025  
(CIN: L67120MH1986PLC038784)



## ANNEXURE TO NOTICE

**ADDITIONAL INFORMATION OF DIRECTORS SEEKING APPOINTMENT AT THE THIRTY SECOND ANNUAL GENERAL MEETING PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND CLAUSE 1.2.5 OF SECRETARIAL STANDARDS ON GENERAL MEETINGS (INFORMATION AS ON MARCH 31, 2017)**

<b>Name of the Director</b>	Mr. Nimesh Kampani		
<b>Date of Birth</b>	September 30, 1946		
<b>Date of Appointment</b>	Initially appointed as a director on June 12, 1987		
<b>Qualifications</b>	B.Com, FCA		
<b>Expertise in specific functional areas</b>	Investment Banking including Mergers, Acquisitions & Restructuring, Corporate Finance and Capital Markets		
<b>Brief Profile</b>	<p>Mr. Nimesh Kampani is the founder and the Chairman of JM Financial Group, one of India's leading players in the financial services space. The Group is engaged in businesses covering investment banking, institutional equity sales, trading, research and broking, private and corporate wealth management, equity broking, portfolio management, asset management, commodity broking, fixed income, non-banking financial services, private equity and asset reconstruction.</p> <p>Beginning 1997, JM Financial had a decade long joint venture with Morgan Stanley in the areas of investment banking and securities business.</p> <p>In his career spanning over four decades, Mr. Kampani has made pioneering contributions to the development of the Indian capital markets and has advised several corporates on their strategic and financial needs, especially, capital raising and mergers &amp; acquisitions, investors on the focus areas for investing, regulators and law makers on progressive regulations for development of financial markets and corporate activities.</p> <p>Mr. Kampani has served as a member on several important committees constituted by the Ministry of Finance, Government of India, Reserve Bank of India (RBI), Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and Institute of Chartered Accountants of India.</p> <p>He was a member of the High Powered Expert Committee constituted by the Ministry of Finance on making Mumbai an International Finance Centre and also a member of the Advisory Panel on Financial Regulation and Supervision constituted by RBI Committee on Financial Sector Assessment. He was a member of the Bloomberg Asia Pacific Advisory Board.</p> <p>Mr. Kampani is currently the Chairman of the CII's National Committee on Financial Markets and a member of the Governing Board of Centre for Policy Research. Mr. Kampani is also a member of the India Advisory Board of Bain &amp; Company and Advisory Board of VentureStudio promoted by Ahmedabad University.</p> <p>Mr. Kampani serves as an Independent Director on the Board of some of the leading Indian companies such as Apollo Tyres Limited, Britannia Industries Limited and Deepak Nitrite Limited.</p> <p>Mr. Kampani is actively engaged in social outreach through two foundations, namely, Kampani Charitable Trust (formed in February 1983) and JM Financial Foundation (formed in March 2001). These two foundations support several social causes ranging from healthcare, education, research in ayurvedic medicine, animal welfare, employment generation, entrepreneurship development, etc.</p>		
<b>Directorships held in other listed companies excluding foreign companies</b>	<ul style="list-style-type: none"> <li>• Apollo Tyres Limited</li> <li>• Britannia Industries Limited</li> <li>• Deepak Nitrite Limited</li> <li>• KSB Pumps Limited<sup>#</sup></li> </ul>		
<b>Membership of Committees in other listed companies*</b>	<b>Name of the Company</b>	<b>Audit Committee</b>	<b>Stakeholders' Relationship Committee</b>
	Britannia Industries Limited	Member	Member
	Apollo Tyres Limited	Member	-
<b>Shareholding in the Company</b>	Mr. Kampani holds 13,53,57,500** equity shares of the Company as on March 31, 2017. Mr. Kampani does not hold any equity shares of the Company for other persons on a beneficial basis.		
<b>Relationship with other Directors and Key Managerial Personnel</b>	Mr. Vishal Kampani, Managing Director of the Company is son of Mr. Nimesh Kampani.		
<b>No. of Board Meetings attended during the financial year 2016-17</b>	Mr. Nimesh Kampani attended all the 6 (six) Board meetings held during the financial year 2016-17.		
<b>Terms and conditions of appointment</b>	Re-appointment as a Non-executive Director of the Company liable to retire by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013.		

<sup>#</sup> ceased to be a Director with effect from April 26, 2017.

<sup>\*</sup>only Audit Committee and Stakeholders' Relationship Committee memberships have been considered.

<sup>\*\*</sup> Includes 12,50,000 equity shares held by Nimesh Kampani HUF.

# ANNEXURE TO NOTICE

<b>Name of the Director</b>	<b>Mr. Vishal Kampani</b>		
<b>Date of Birth</b>	January 30, 1977		
<b>Date of Appointment</b>	The Board of Directors, at its meeting held on September 23, 2016, unanimously appointed Mr. Vishal Kampani as Managing Director with effect from October 1, 2016.		
<b>Qualifications</b>	M.Com, M.S. (Finance) from London Business School		
<b>Expertise in specific functional areas</b>	Institutional Securities Business including investment banking and institutional equities, Fund Based Businesses including lending activities and asset reconstruction, Alternative Asset Management including managing real estate and private equity fund		
<b>Brief Profile</b>	<p>Mr. Vishal Kampani, 40 years, is a Master of Commerce from University of Mumbai and has completed his M.S. (Finance) from London Business School, University of London.</p> <p>Mr. Kampani is currently the Managing Director of a material subsidiary of the Company viz., JM Financial Products Ltd., a non-banking finance company (NBFC) registered with the Reserve Bank of India, which inter-alia focuses on the business of financing and advancing short-term and long-term loans and credits to individuals, companies, bodies corporate, etc. Mr. Kampani also heads the Institutional Securities Business of JM Financial group, which consists of Investment Banking, Institutional Equities, Fixed Income securities and also oversees the international operations of Institutional Securities Business. Mr. Kampani also serves as a Non-executive Vice-Chairman of JM Financial Credit Solutions Limited, a NBFC in which the funds managed by Mr. Vikram Pandit has made investment along with the Company.</p> <p>In his professional career spanning over 19 years, Mr. Kampani has worked as a Senior Banker in the Investment Banking division of JM Morgan Stanley Private Limited, which was then a joint venture between JM Financial group and Morgan Stanley, where he was responsible for building and maintaining key client relationships, procuring and overseeing the execution of business transactions, advising corporate clients in raising capital, etc.</p> <p>Prior to working in India, Mr. Kampani also worked with Morgan Stanley Dean Witter &amp; Co. in New York, in the Equity Capital Markets Group, where he was involved in structuring creative products for the firm's clients most of whom were fortune 500 companies.</p>		
<b>Directorships held in other listed companies excluding foreign companies</b>	None		
<b>Membership of Committees in other listed companies</b>	<b>Name of the Company</b>	<b>Audit Committee</b>	<b>Stakeholders' Relationship Committee</b>
	-	-	-
<b>Shareholding in the Company</b>	Mr. Vishal Kampani holds 1,02,63,647 equity shares of the Company as on March 31, 2017. Mr. Kampani does not hold any equity shares of the Company for other persons on a beneficial basis.		
<b>Relationship with other Directors and Key Managerial Personnel</b>	Mr. Nimesh Kampani, the Non-Executive Chairman of the Company, is father of Mr. Vishal Kampani.		
<b>No. of Board Meetings attended during the financial year 2016-17</b>	Mr. Vishal Kampani attended all the 6 (six) Board meetings held during the financial year 2016-17. Prior to his appointment as Managing Director of the Company, Mr. Kampani was a non-executive director.		
<b>Terms and conditions of appointment</b>	Appointment as the Managing Director of the Company with effect from October 1, 2016 on the terms and conditions as contained in the agreement executed with him by the Company, the summary of which is provided in the statement annexed to the AGM Notice.		

# DIRECTORS' REPORT

To  
The Members,

The Directors of the Company are pleased to present their Thirty Second Annual Report together with the annual audited consolidated and standalone financial statements for the financial year ended March 31, 2017.

## FINANCIAL HIGHLIGHTS

The summary of the consolidated and standalone financial highlights for the financial year ended March 31, 2017 and the previous financial year ended March 31, 2016 is given below:

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Gross income	2,359.26	1,684.66	162.95	157.77
<b>Profit before depreciation and amortisation expenses, finance costs &amp; tax expenses</b>	<b>1,777.01</b>	<b>1,225.23</b>	<b>147.20</b>	<b>139.64</b>
Less: Depreciation and amortisation expenses	23.32	20.29	0.67	0.38
Finance costs	781.96	512.09	39.60	27.15
<b>Profit before tax</b>	<b>971.73</b>	<b>692.85</b>	<b>106.93</b>	<b>112.11</b>
Current tax	343.75	224.48	-	0.10
Deferred tax	(8.50)	(2.03)	0.14	(0.24)
Tax adjustments of earlier years (net)	(0.41)	(0.01)	0.07	-
<b>Profit after tax but before minority interest and share in associate companies</b>	<b>636.89</b>	<b>470.41</b>	<b>106.72</b>	<b>112.25</b>
Less: Share of minority interest	178.67	125.28	-	-
Add: Share in profit of associates	11.98	55.33	-	-
<b>Net Profit</b>	<b>470.20</b>	<b>400.46</b>	<b>106.72</b>	<b>112.25</b>

## FINANCIAL PERFORMANCE

### Consolidated

The consolidated turnover of JM Financial Group was higher by 40% at ₹ 2,359.26 Crore for the financial year ended March 31, 2017 as against ₹ 1,684.66 Crore during the previous financial year. The Group made a consolidated net profit of ₹ 470.20 Crore for the year ended March 31, 2017 as compared to the net profit of ₹ 400.46 Crore in the previous year registering an increase of 17%.

The consolidated financials reflect the cumulative performance of JM Financial Limited along with its various subsidiaries and associates. Detailed description about the business carried on by these entities is contained in the Management Discussion and Analysis report.

### Standalone

Being a Core Investment Company, most of the Company's investments are in the securities of subsidiary and associate companies. Accordingly most of its revenue on standalone basis is in nature of dividend income on investments in subsidiary companies.

The gross revenue of the Company stood at ₹ 162.95 Crore for the year ended March 31, 2017 as against ₹ 157.77 Crore in the previous year. The Company made a net profit of ₹ 106.72 Crore for the year ended March 31, 2017 as compared to the net profit of ₹ 112.25 Crore in the previous year.

## DIVIDEND

The Directors are pleased to recommend a final dividend of ₹ 0.85 per share of the face value of ₹ 1/- each for the financial year 2016-17 (previous year ₹ 0.85 per share). The Company has paid an interim dividend of ₹ 0.65 per equity share of the face value ₹ 1/- each (previous year ₹ 0.60 per share). With the above recommendation, the total dividend works out to ₹ 1.50 per share (previous year ₹ 1.45 per share). The total outgo on account of interim and final dividend would be ₹ 119.28 Crore for the financial year 2016-17 as against ₹ 114.45 Crore in the previous year.

The final dividend, if declared, at the Thirty Second Annual General Meeting, will be paid on and from July 27, 2017 to the eligible Members.

## DIRECTORS' REPORT

Pursuant to Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called "the Listing Regulations"), the Company has formulated Dividend Distribution Policy. The said policy is appended as **Annexure I** to this Report.

### APPROPRIATIONS

The following appropriations have been made from the available profits of the Company:

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
	(₹ in Crore)			
<b>Net Profit</b>	<b>470.20</b>	<b>400.46</b>	<b>106.72</b>	<b>112.25</b>
Add: Balance profit brought forward from previous year	1,768.07	1,597.08	991.61	1,016.67
Less: Transferred to minority interest	(0.08)	(0.08)	-	-
<b>Profit available for appropriation</b>	<b>2,238.19</b>	<b>1,997.46</b>	<b>1,098.33</b>	<b>1,128.92</b>
Less: Appropriations				
Interim dividend	51.59	47.33	51.59	47.33
Proposed final dividend	#	67.12	#	67.12
Dividend distribution tax	10.51	18.96	0.53	0.40
Transfer to Statutory reserve	116.87	95.98	21.35	22.46
Transfer to Capital redemption reserve	6.25	-	-	-
<b>Surplus carried to balance sheet</b>	<b>2052.97</b>	<b>1,768.07</b>	<b>1,024.86</b>	<b>991.61</b>

# As per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the final dividend recommended by the Board of Directors for the year ended March 31, 2017.

### SHARE CAPITAL

#### Issue of shares arising out of Employee Stock Option Scheme

During the financial year 2016-17, an aggregate of 55,39,478 equity shares have been allotted upon exercise of stock options by the eligible employees ("the Employees") under the Employees' Stock Option Scheme – Series 3 to Series 8.

Consequent to the allotment made to the Employees as above, the paid-up equity share capital of the Company has increased to ₹ 79,45,25,114 (comprising 79,45,25,114 equity shares of ₹ 1/- each) as on March 31, 2017 from ₹ 78,89,85,636 as at the end of the previous financial year (comprising 78,89,85,636 equity shares of ₹ 1/- each).

Additionally, an aggregate of 18,42,618 equity shares have been allotted on May 2, 2017 to the Employees on exercise of stock options by them under Series 3 to Series 8. Subsequent to the said allotment, the paid-up equity share capital of the Company has increased post March 31, 2017 to ₹ 79,63,67,732 representing 79,63,67,732 equity shares of the face value of ₹ 1/- each.

### EMPLOYEES' STOCK OPTION SCHEME

Out of the total number of stock options so far granted under Series 1 to 9, an aggregate of 2,13,69,736 (up to March 31, 2017) stock options have been exercised by the Employees and 1,45,84,135 stock options have lapsed. The aggregate number of stock options outstanding as on March 31, 2017 is 60,67,294.

The Nomination and Remuneration Committee, at its meeting held on April 20, 2017, has further granted 23,19,636 stock options to the Employees under the Employees Stock Option Scheme – Series 10.

The disclosures required to be made under applicable SEBI Regulations/Guidelines and Section 62(1) of the Companies Act, 2013 (hereinafter called "the Act") read with Rule 12(2) of the Companies (Share Capital and Debentures) Rules, 2014 are covered in **Annexure II** to this Report.

### DEPOSITS

During the year under review, the Company has neither invited nor accepted any deposits from the public.

# DIRECTORS' REPORT

## SUBSIDIARIES AND ASSOCIATES

As on March 31, 2017, the Company had 16 subsidiaries (including step down subsidiaries), one partnership firm and one associate company. These subsidiaries, partnership firm and associate are:

### Subsidiary Companies

1. JM Financial Institutional Securities Limited
2. JM Financial Services Limited
3. JM Financial Commtrade Limited
4. JM Financial Overseas Holdings Private Limited (Mauritius)
5. JM Financial Singapore Pte Limited (Singapore)
6. JM Financial Securities, Inc. (Delaware - United States of America)
7. JM Financial Capital Limited
8. JM Financial Products Limited
9. JM Financial Asset Reconstruction Company Limited (w.e.f. September 30, 2016)
10. JM Financial Home Loans Limited (w.e.f. December 16, 2016)
11. JM Financial Credit Solutions Limited
12. JM Financial Investment Managers Limited
13. Infinite India Investment Management Limited
14. JM Financial Asset Management Limited
15. JM Financial Properties and Holdings Limited
16. CR Retail Malls (India) Limited

### Partnership Firm

17. Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, subsidiaries of the Company are partners.

### Associate Company

18. JM Financial Trustee Company Private Limited

JM Financial Insurance Broking Private Limited, a subsidiary company was voluntarily wound up during the financial year 2016-17.

In accordance with Section 129(3) of the Act and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the Listing Regulations") the consolidated financial statements of the Company and all its subsidiary/associate companies have been prepared and form part of the Annual Report. A statement containing salient features of the financial statements of subsidiary and associate companies is also provided in the Annual Report at page no. 164 and 165.

The Annual Report of the Company, containing, inter alia, its standalone and the consolidated financial statements is uploaded on the website of the Company viz., [www.jmfl.com](http://www.jmfl.com) in accordance with third proviso to Section 136(1) of the Act.

The audited financial statements of each of the subsidiaries have also been placed on the website of the Company. Members interested in obtaining a copy of the audited financial statements of the subsidiary companies may write to the Company Secretary at the Company's registered office.

The Company will make available, the audited financial statements and related information of its subsidiaries, to those members who wish to have copies of the same and these documents will also be kept open for inspection by members at the registered office of the Company on all working days, except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Second Annual General Meeting.

## RESTRUCTURING OF ENTITIES WITHIN THE GROUP THROUGH SCHEME(S) OF AMALGAMATION AND ARRANGEMENT

The Board, at its meeting held today, has approved restructuring of the entities within the Group whereby two of the Company's Wholly Owned Subsidiaries, viz., JM Financial Institutional Securities Limited and JM Financial Investment Managers Limited would be merged with the Company subject to all the necessary approvals including the regulatory approvals as may be required.

The above restructuring would be carried out through the Scheme(s) of amalgamation/arrangement/merger/demerger as will be in the best interests of the Company.

## DIRECTORS' REPORT

### AWARDS AND RECOGNITION

The following subsidiaries of the Company have been conferred the awards and recognition during the year as per the details given below:

#### JM Financial Services Limited

- The BSE Ltd., at BSE Awards-2016 recognized and awarded JM Financial Services Limited as:
  - Top Performer in Primary Market Segment (IPO/FPO Bids members)
  - Top Performer in Sovereign Gold Bonds
- Ranked 1st in the Investments Category amongst 'India's Best Companies To Work For 2016' at the Great Places To Work For 2016 conducted by The Great Place to Work Institute,.
- Awarded for Best Performing National Financial Advisor (Institutional) at the UTI MF & CNBC-TV18's Financial Advisor Awards 2016.
- The National Stock Exchange of India Limited recognized JM Financial Services Limited amongst Top Performers in the Cash Segment for the year 2015-16.

#### JM Financial Institutional Securities Limited

- Emerged as QIP Dealmaker in the Business World-PWC I-banking Survey 2016.

#### JM Financial Asset Management Limited

- Ranked amongst "India's 100 Best Companies to Work for 2016" at the Great Places To Work For 2016 conducted by The Great Place to Work Institute, India in partnership with The Economic Times.

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, Mr. Nimesh Kampani voluntarily retired from executive role as Managing Director of the Company from the close of business hours on September 30, 2016 on turning 70 years of age. Mr. Kampani continues as Non-executive Chairman of the Company and JM Financial Group with effect from October 1, 2016.

Mr. Kampani demonstrated exemplary leadership and business acumen during his tenure as Managing Director of the Company. The businesses in the JM Financial Group have immensely

benefited from Mr. Kampani's vast experience, knowledge and insight of the financial markets.

The Directors place on record their deep appreciation for valuable contribution made by Mr. Kampani during his tenure as Managing Director of the Company.

Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on September 23, 2016, unanimously appointed Mr. Vishal Kampani as Managing Director of the Company for a period of five years with effect from October 1, 2016 subject to approval of the Members at the ensuing Annual General Meeting (AGM). Mr. Vishal Kampani is a relative (son) of Mr. Nimesh Kampani.

We are pleased to report that the transition of duties and responsibilities from Mr. Nimesh Kampani to Mr. Vishal Kampani has been extremely smooth and successful.

The necessary resolution for the appointment of Mr. Vishal Kampani along with his brief profile and Additional Information required under the Listing Regulations is included in the notice convening the Thirty Second AGM of the Company for shareholders' approval.

Mr. Vishal Kampani is also the Managing Director of JM Financial Products Limited, a material subsidiary of the Company and draws remuneration from the said subsidiary.

As on March 31, 2017, the Company had eight Directors on its Board comprising six Independent Directors, the Managing Director and a Non-executive Director.

Mr. Vishal Kampani, Managing Director is the Key Managerial Personnel (KMP) within the meaning of Section 203(1) of the Act. Mr. Prashant Choksi and Mr. Manish Sheth are the other KMPs designated as the Company Secretary and the Chief Financial Officer (CFO) respectively.

### DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

All the Independent Directors have confirmed to the Board that they meet the criteria of independence as specified under Section 149(6) of the Act and that they qualify to be independent directors pursuant to the Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. They have also confirmed that they meet the requirements of 'Independent Director' as mentioned under Regulation 16(1)(b) of the Listing Regulations.



# DIRECTORS' REPORT

The above confirmations were placed before the Board and noted by it.

## BOARD MEETINGS

The Board meets at regular intervals to discuss the Company's policies and strategy apart from other Board matters. The tentative annual calendar of the Board and Committee meetings is circulated in advance to facilitate the Directors to plan their schedule and to ensure participation in the meetings. The notice for the Board/Committee meetings is also given well in advance to all the Directors.

The Board of Directors met six times in the financial year 2016-17 viz., on May 13, 2016; August 2, 2016; September 23, 2016; October 28, 2016; December 20, 2016; and January 23, 2017. The maximum time period between the two board meetings did not exceed 120 days.

## POLICIES ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Policies of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act, are appended as **Annexure III(a)** and **III(b)** to this Report.

## EVALUATION OF BOARD OF DIRECTORS

The Board carried out formal annual evaluation of its own performance and that of its Committees viz., the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee (NRC), Corporate Social Responsibility Committee and the Allotment Committee. The Board also carried out the evaluation of all the individual directors. Additionally, NRC also carried out the evaluation of the performance of all the individual directors of the Company. The performance evaluation was carried out by way of obtaining feedback from the Directors through a structured questionnaire prepared in accordance with the policy adopted by the Board and the Guidance Note on Board Evaluation issued by SEBI vide its circular dated January 5, 2017 separately for individual directors, for the Board as a whole and its various Committees.

The structured questionnaire prepared to evaluate the performance of individual directors contained, inter alia, parameters such as professional conduct, roles and functions, discharge of duties, and their contribution to Board/ Committees/ Senior Management. The questionnaire prepared for evaluation

of the Board and its Committees, inter alia, covered various aspects such as structure and composition, effectiveness of board process, information and roles, responsibilities and functioning of the Board and its Committees, establishment and determination of responsibilities of Committees, the quality of relationship between the board and the management and professional development.

The feedback received from the Directors in the above forms was reviewed by the Chairman of the Board and the Chairman of the NRC and then discussed the same at the meetings of the Board and NRC. The performance evaluation of the Chairman, Managing Director and the Board as a whole was carried out by the Independent Directors at their separate meeting held on December 20, 2016.

## BOARD COMMITTEES

The Board of Directors has constituted five Committees, viz,

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination and Remuneration Committee
4. Corporate Social Responsibility Committee
5. Allotment Committee

Details of all the Committees along with their composition, terms of reference and meetings held during the year are provided in Report on Corporate Governance.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(3)(c) read with Section 134(5) of the Act with respect to Directors' Responsibility Statement, the Directors hereby confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made in following the same;
- (b) appropriate accounting policies have been selected and applied consistently and judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

## DIRECTORS' REPORT

- (c) proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of Act have been taken for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, if any;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- (f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### STATUTORY AUDITORS

In terms of the provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, an audit firm can hold office as statutory auditors for two terms of five consecutive years each i.e., for a maximum period of ten years. They can be re-appointed after a cooling period of five years thereafter. In computing the period of ten years, the period for which the statutory auditors would have held office before the commencement of the Act i.e., before April 1, 2014 is also to be taken into account.

M/s. Khimji Kunverji & Co., has been acting as the statutory auditors of the Company for more than ten years and to comply with the provisions of the Act, a new auditor must be appointed in their place to act as Statutory Auditors after the conclusion of Thirty Second AGM. The Board of Directors, at its meeting held on May 2, 2017, has therefore recommended the appointment of Deloitte Haskins and Sells LLP, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company in place of M/s. Khimji Kunverji & Co., to hold office from the conclusion of the ensuing AGM until the conclusion of the Thirty Seventh AGM of the Company, subject to ratification by the Members at every AGM. The resolution seeking shareholders' approval on this item is included in the Notice convening the AGM.

The Company has received a confirmation from Deloitte Haskins and Sells LLP that their appointment, if made, at the Thirty Second AGM will be in accordance with Sections 139 and 141 of the Act and Rules made thereunder. Accordingly, the Members are requested to approve the appointment of the

Statutory Auditors at the Thirty Second AGM. The Board, on the recommendation made by the Audit Committee, has also approved the payment of audit fees of ₹ 13 lakh to the new auditors for the year 2017-18.

### SECRETARIAL AUDIT

Pursuant to the requirements of Section 204(1) of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. N L Bhatia & Associates, Company Secretary in Practice to conduct the secretarial audit for the financial year 2016-17.

The Secretarial Audit Report as received from M/s. N L Bhatia & Associates is appended as **Annexure IV** to this Report.

### COMMENTS ON AUDITORS' REPORT

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors, in their Audit Report or by M/s. N L Bhatia & Associates, Company Secretary in Practice, in their Secretarial Audit Report. The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the financial year 2016-17.

### CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted Corporate Social Responsibility (CSR) Committee in accordance with Section 135 of the Act. The CSR Policy of the Company, inter alia, lists the activities that can be undertaken or supported by the Company for CSR, composition and meetings of CSR Committee, details of existing Charitable trusts within the JM Financial group, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/projects. The details of CSR activities undertaken by the Company are described in the prescribed format and are appended as **Annexure V** to this Report.

### RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has a well-defined risk management framework in place. Further, it has established procedures to periodically place before the Board, the risk management and assessment measures.

The details of the risks faced by the Company and the mitigation thereof are discussed in detail in the Management Discussion and Analysis report.

# DIRECTORS' REPORT

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

During the financial year 2016-17, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## REPORTS ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

The reports on Corporate Governance and Management Discussion and Analysis for the year under review, as stipulated under Regulation 34 of the Listing Regulations forms part of this Report. The certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is annexed to the Report on Corporate Governance.

## BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report in terms of Regulation 34(2) of the SEBI Listing Regulations, describing the initiatives taken by the Company from an environmental, social and governance perspective forms part of this Annual Report.

## PARTICULARS OF EMPLOYEES AND RELATED INFORMATION

In accordance with the provisions of Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing the disclosures pertaining to remuneration and other details as required under the Act and the above Rules are provided in the Annual Report. The disclosures as specified under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are appended to this Report as **Annexure VI**.

As per the provisions of Section 136 (1) of the Act, the reports and accounts are being sent to all the Members of the Company excluding the information regarding employee remuneration as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The same is available for inspection by Members at the registered office of the Company on all working days except Saturdays, between 2.00 p.m. and 4.00 p.m. up to the date of the Thirty Second AGM. Any Member interested in obtaining such

information may write to the Company Secretary and the same will be furnished on such request.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The particulars of loans, guarantees or investments under Section 186 of the Act are not furnished since the provisions of Section 186 of the Act are not applicable to the Company pursuant to sub-section 11 thereof.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, as prescribed in Form AOC - 2 are appended as **Annexure VII** to this Report.

## EXTRACT OF ANNUAL RETURN

Pursuant to the requirements under Sections 92(3) and 134(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014, an extract of Annual Return in prescribed Form MGT-9 is appended as **Annexure VIII** to this Report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding Conservation of Energy and Technology Absorption are not furnished since they are not applicable to the Company.

During the year, the Company has not earned any foreign exchange on standalone basis; the details of the amount spent in foreign exchange is provided at note number 2.31 of the notes to the standalone financial statements which forms part of the audited annual accounts.

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has established a vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the Management, their genuine concerns about behaviour of employees, the details of which are included in the Report on Corporate Governance.

During the financial year 2016-17, no cases under this mechanism were reported to the Company and/or to any of its subsidiaries/associate.

## POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company's policy for prevention of sexual harassment is

## DIRECTORS' REPORT

embodied both in the Code of Conduct of JM Financial Group as also in a specifically written policy in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year 2016-17, no cases in the nature of sexual harassment were reported at any workplace of the Company or any of its subsidiaries/associate.

### CEO & CFO CERTIFICATION

Certificate from Mr. Vishal Kampani, Managing Director and Mr. Manish Sheth, Chief Financial Officer, pursuant to Regulation 17(8) of the Listing Regulations for the financial year 2016-17 was placed before the Board of Directors of the Company at its meeting held on May 2, 2017 and also forms part of Report on Corporate Governance.

### ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited,

Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) Limited, Metropolitan Stock Exchange of India Limited, National Commodity and Derivatives Exchange Limited, National Housing Bank, other government and regulatory authorities, lenders, financial institutions and the bankers of JM Financial group for the continued support provided by them.

The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries/associate across all levels, resulting in satisfactory performance during the year.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 2, 2017

**Nimesh Kampani**  
Chairman

# DIRECTORS' REPORT

## ANNEXURE I

### DIVIDEND DISTRIBUTION POLICY

#### 1. Introduction:

Securities and Exchange Board of India, vide its notification dated July 8, 2016 has inserted Regulation 43A after the Regulation 43 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Regulation requires every listed entity to formulate a dividend distribution policy.

Accordingly, this Policy is formalized by the Board of Directors of JM Financial Limited ('the Company') at its meeting held on August 2, 2016. This Policy will be applicable effective from the financial year 2016-17.

#### 2. Policy – Objective and Considerations:

It is the Policy of the Board of Directors of the Company ("The Board"), to reward the shareholders regularly by sharing profits earned by the Company by way of dividend. The Board would also consider declaration of bonus shares at appropriate time by capitalising accumulated profits and permissible reserves of the Company.

The Company is a Core Investment Company ("CIC") registered with Reserve Bank of India. Its subsidiaries and associates are engaged in the operating businesses.

Considering the regulatory requirement applicable to the Company as a CIC of deploying a minimum of 90% of its net assets as investments in / lending to its subsidiaries and associates, the income of the Company consists only of investment income in the form of interest, dividend and capital gains, if any, most of which is received from the subsidiaries. On a standalone basis the Company has very small income from bank deposits or other liquid investments.

Thus, the Company is to a great extent dependent on the performance of its Group Companies as well as the decision of their respective Board of Directors to recommend/declare dividend out of the concerned company's profits.

In the above background, the Board would consider recommendation/declaration of dividend based on the consolidated profits of the Company. Since the applicable regulations require the accounts to be prepared on the basis of consolidation of the performance of all operating businesses, it is easy to appreciate the earnings in totality and accordingly decide the quantum of dividend for shareholders.

However, the regulations do not permit a seamless access to the cash earnings of the subsidiaries and associates, and therefore, the Board is constrained to recommend/declare dividend depending on dividend received from the Company's subsidiaries/associates and liquidity available from the same. The Board will also consider retention of capital to maintain a healthy financial position to support liquidity, capital adequacy and/or future growth of the Company's various subsidiary and associate companies.

#### 3. Utilisation of Retained Earnings:

Being in the financial services industry, the Company follows the practice of sharing a part of its earnings with employees in the form of performance linked compensation. Accordingly the earnings that are available for distribution to shareholders and other corporate needs are determined after the payment of performance linked compensation and corporate taxes.

The Board will consider dividend distribution on the basis of various provisions of the Companies Act, 2013 and their assessment of the need to retain resources for growth of operating businesses, capital adequacy and liquidity maintenance. The Board will endeavor to maintain a Dividend pay-out in the range of at least 25% to 30% of consolidated profits after tax (PAT). The Company and its subsidiaries/associates will pay applicable Dividend Distribution Tax on the dividends declared and paid.

The Board may amend the pay-out range, whenever considered appropriate by it, keeping in mind the aforesaid factors. The Board may also consider paying a Special Dividend under certain circumstances such as extraordinary profits, if any, a milestone in the journey of the Company, etc.

If for any year, there is inadequacy of profits, liquidity constraint in the economy and similar situations and there is a need to preserve resources based on these considerations and in this scenario if the Board is of the opinion that the Company should preserve its resources, it may recommend/declare a lower or no dividend. The Board may also decide to recommend/declare a lower or no dividend in case they have made a decision whereby the Shareholders have been rewarded by a corporate action such as issue of bonus shares, buy-back of shares etc.

## DIRECTORS' REPORT

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### **4. Frequency of Dividend Distribution:**

In normal course, the Board will consider one interim dividend in addition to final dividend for a financial year. The considerations applied for both types of dividend will be same as enumerated above. The interim dividend will be usually paid based on the financial performance of 6 to 9 months and final dividend based on the financial performance of the full year.

### **5. Types of Capital:**

The Company has only equity share capital as on date. If in future, the Company issues preference share capital and if dividend is declared by the Board, the preference share capital will have priority to receive dividend in accordance

with the terms of its issue before any dividend is paid in respect of equity share capital in accordance with the applicable provisions of the Companies Act, 2013 and the Articles of Association of the Company.

### **6. Disclosure of this Policy:**

The Company shall disclose this policy on its website and in its Annual Report.

### **7. Amendment to this Policy:**

The Board may amend this Policy as and when deemed fit. Any and all provisions of this Policy shall be amended as needed due to business and economic conditions or regulatory changes from time to time.



# DIRECTORS' REPORT

## ANNEXURE II

### Details of Employee Stock Option Scheme as stipulated under SEBI (Share Based Employee Benefits) Regulations, 2014 and the Companies Act, 2013

1.	Options granted during the year (FY 2016-17)	:	12,55,515												
2.	Pricing formula	:	As determined by the Nomination and Remuneration Committee												
3.	Options vested during FY 2016-17	:	29,20,403												
4.	Options exercised during FY 2016-17	:	19,55,000 (Exercise Price – ₹ 54.80) 35,92,478 (Exercise Price – ₹ 1.00*)												
5.	Total number of shares arising as a result of exercise of Options during FY 2016-17	:	55,39,478 (8,000 Stock Options exercised by the eligible employee were pending allotment as on March 31, 2017).												
6.	Options lapsed during FY 2016-17	:	1,01,969												
7.	Variation of terms of Options	:	None												
8.	Money realised from the Employees by exercise of Options during FY 2016-17	:	₹ 10,71,34,000/- ₹ 35,92,478/-*												
9.	Total Options in force as on March 31, 2017	:	60,67,294												
10.	Employee wise details of Options granted to:		10,57,245 Stock Options have been granted to 16 senior managerial personnel (eligible employees/directors of the Company and/or its subsidiaries).												
	(i) senior managerial personnel	:													
	(ii) any other employee who received a grant in any one year of Option amounting to 5% or more Options granted during that year	:	None												
	(iii) identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	:	None												
11.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) - 20 'Earnings Per Share'.	:	Standalone – ₹ 1.34 Consolidated – ₹ 5.89												
12.	Difference between the employee compensation cost using intrinsic value method and fair value method.	:	a. On Standalone basis												
	The impact of this difference on profits and on EPS of the Company.		<table><tr><th>Particulars</th><th>As reported</th><th>As adjusted</th></tr><tr><td>Net profit (₹ in Crore)</td><td>106.73</td><td>106.73</td></tr><tr><td>Basic EPS (₹)</td><td>1.35</td><td>1.35</td></tr><tr><td>Diluted EPS (₹)</td><td>1.34</td><td>1.34</td></tr></table>	Particulars	As reported	As adjusted	Net profit (₹ in Crore)	106.73	106.73	Basic EPS (₹)	1.35	1.35	Diluted EPS (₹)	1.34	1.34
Particulars	As reported	As adjusted													
Net profit (₹ in Crore)	106.73	106.73													
Basic EPS (₹)	1.35	1.35													
Diluted EPS (₹)	1.34	1.34													
			b. On Consolidated basis												
			<table><tr><th>Particulars</th><th>As reported</th><th>As adjusted</th></tr><tr><td>Net profit (₹ in Crore)</td><td>470.20</td><td>472.98</td></tr><tr><td>Basic EPS (₹)</td><td>5.93</td><td>5.96</td></tr><tr><td>Diluted EPS (₹)</td><td>5.89</td><td>5.92</td></tr></table>	Particulars	As reported	As adjusted	Net profit (₹ in Crore)	470.20	472.98	Basic EPS (₹)	5.93	5.96	Diluted EPS (₹)	5.89	5.92
Particulars	As reported	As adjusted													
Net profit (₹ in Crore)	470.20	472.98													
Basic EPS (₹)	5.93	5.96													
Diluted EPS (₹)	5.89	5.92													
13.	Weighted-average exercise prices and weighted average fair values of Options for Options whose exercise price is either equal to or exceeds or is less than the market price of the stock Options.	:	Weighted average exercise price – ₹ 54.80 for 19,55,000 options ₹ 1.00 for 35,92,478 options Weighted average value of option – ₹ 32.33												
14.	A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:	:	Black-Scholes-Merton model												
	i. Risk-free interest rate	:	7.80%												
	ii. Life of options	:	7 years												
	iii. Expected volatility	:	51.38%												
	iv. Expected dividend yield	:	3.55%												
	v. The price of the underlying share in market at the time of Option grant	:	₹ 42.20												

\*In addition to ₹ 35,92,478/- received from eligible employees, an aggregate amount of ₹ 7,11,16,733 being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.

# DIRECTORS' REPORT

## ANNEXURE III (a)

### POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS

#### Objective:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 (the Act), the Nomination and Remuneration Committee of a company is required to formulate the criteria for determining the qualifications, positive attributes and independence of a director proposed to be appointed as a director on the board of the company.

This Policy document records the criteria for selection and appointment of directors on the Board of the Company.

#### Scope:

This Policy is applicable to selection and appointment of directors on the Board of the Company.

#### Criteria for selection of Directors:

The Nomination and Remuneration Committee ('the Committee') of the Board of the Company to keep the following criteria in mind while assessing the suitability of an individual as a director on the Board of the Company:

- Demonstration of independence, integrity, high personal and professional ethics;
- Ability and willingness to commit sufficient time to the responsibilities as a Board member;
- Understanding of the Company's/Group's business and related industry;
- General understanding of marketing, finance, and other disciplines relevant to the business of the Company/Group;
- Educational and professional background – professional qualification and/or experience of having run a business at senior management and decision making level;
- Age giving sufficient experience as well as length of service available;
- Ability to assessment the conflict of interest, if any;
- Personal accomplishments and ability to influence decisions.

The above are the broad parameters for assessing the candidate's suitability. The Committee has the discretion to apply additional or different criteria as it may deem fit.

The Committee may also consider the contributions that a board candidate can be expected to make to the collective functioning of the Board based upon the totality of the candidate's credentials, experience and expertise, the composition of the Board at the time, and other relevant circumstances.

The Committee will also keep in mind regulatory requirements in this regard. For example, a person cannot serve on more than seven public listed company boards in addition to the Company. Also a person who serves as the Managing Director/Chief Executive Officer (or equivalent position) of any company cannot serve on the Board of more than three additional public listed companies.

The Company may appoint or re-appoint any person as the Managing Director and/or Whole-time Director for a term not exceeding five years at a time. Further, they shall not be re-appointed earlier than one year before the expiry of their term.

An Independent Director can hold office for a term up to five consecutive years on the Board of the Company and he is eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director can hold office for more than two consecutive terms of five years, but such Independent Director is eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

The Committee shall assist the Board in ensuring Board nomination process with the diversity of gender, thought, experience, knowledge and perspective in the Board.

Persons to be considered for appointment as directors are selected by the Nomination and Remuneration Committee in accordance with the policies and principles above and under the Act and the Listing Agreement. The invitation to join the Board may be extended by the Chairman of the Board.

# DIRECTORS' REPORT

## ANNEXURE III (b)

### POLICY ON PERFORMANCE EVALUATION AND REMUNERATION OF THE DIRECTORS

#### Scope:

- All members of the Board of Directors

#### Objective

- To assist in the process of assessing the participation and contribution in the Board level deliberations by the directors of JM Financial Limited
- To monitor and evaluate the attainment of the Board objectives
- To provide the Directors an opportunity to reflect on, and assess their areas of strength and development

#### Evaluation Process for Independent Directors:

JM Financial Group follows annual 360 degree evaluation for its Key Managerial Persons and other eligible employees including the senior management team. A process modelled on this method has been designed for evaluation of Directors. Under this process, the Company Management team will:

- help define criteria for evaluations
- formulate the process for evaluating and rating each Director
- design the evaluation templates/questionnaire and implementation process
- coordinate and collate feedback received from each Director
- analyse feedback received from each Director and prepare summary thereof
- share the evaluation summary with the Chairman of the Nomination and Remuneration Committee
- share the feedback with the Chairman of the Board

The above process will be implemented and controlled from the Chairman's office and the summary will be prepared without attributing any comment to the person who made it. Such summary of observations will be shared with the directors in confidence.

#### Key Evaluation Criteria

- Providing effective leadership and strategic guidance to the management
- Understanding the Business, including the Risks and regulatory landscape
- Attendance at, and active engagement in the discussion of business performance, competitive landscape and strategies
- Development and monitoring of leadership teams, Compliance focus and insistence on ethical business practices
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning etc.
- Management of conflicts in Board discussion
- Management of Conflict of Interest

#### Criteria for determination of Remuneration of Directors

The Non-executive Directors and Independent Directors will receive remuneration by way of sitting fees for attending meetings of the Board and/or Committee thereof, as decided by the Board from time to time subject to the limits specified under the Companies Act, 2013 (the Act) including any amendments thereto. In addition to the sitting fees, the Non-executive and Independent Directors may also be paid commission as may be determined by the Board subject to the limits specified under the Act.

The remuneration of Non-executive Directors and Independent Directors will be governed by the role assumed, number of meetings of the Board and the committees thereof attended by the directors, the position held by them as the Chairman and member of the committees of the Board and overall contribution to the business. Besides these, the determination of remuneration of independent directors will also depend on the external competitive environment, track record, individual performance of the directors and performance of the Company as well as the industry standards.

## DIRECTORS' REPORT

The compensation structure for Executive Director consists of two parts – Fixed and Variable:

- Fixed compensation

The objective of fixed compensation is to ensure internal and external parity. The fixed component is reviewed annually and a market aligned fixed compensation structure is proposed.

- Variable compensation

Apart from the fixed component, Executive Directors are eligible for a performance linked variable compensation component i.e. 'Discretionary Bonus'. The payout of this component depends on Executive Director's individual performance and performance of the Company.

The compensation strategy of the Company is meritocracy-based and the remuneration policy is designed to encourage high performance culture while aligning itself to the highly competitive business environment.

The compensation structure of the Executive Director is also being reviewed by the Nomination and Remuneration Committee and approved by the Shareholders of the Company.

The Fixed and Variable compensation of Executive Director is determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Company

# SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2017

## ANNEXURE IV

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
JM Financial Limited

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JM Financial Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 ("FEMA") and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.
- b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable for this financial year**
- e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable for this financial year**
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; **Not Applicable for this financial year**
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable for this financial year; and**
- i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable for this financial year**

**Amongst the various laws which are applicable to the Company, following are the laws which are specifically applicable to the Company:**

- a. Reserve Bank of India Act, 1934 and its circulars, Master circulars, notifications.
- b. Prevention of Money Laundering Act, 2002 and its circulars, notifications.
- c. Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

## DIRECTORS' REPORT

- d. NBFC (Non Deposit Accepting or Holding) Prudential Directions, 2007.
- e. Anti Money Laundering Regulation issued by RBI and various circulars and Guidelines thereunder.
- f. Tax Laws
  - Service Tax Act
  - Income Tax Act, 1961
- g. Employee Laws
  - Payment of Gratuity Act, 1972 and Payment of Gratuity (central) Rules, 1972
  - Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975
  - Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & the scheme provided thereunder.
- h. The States Shops and Establishment Act, 1948
- i. Negotiable Instrument Act
- j. Indian Stamp Act, 1899 and the State Stamp Acts
- k. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI)

Pursuant to notification issued by Ministry of Corporate Affairs dated 28th February, 2017 Company has started the process of transferring unclaimed shares and unclaimed Dividend to IEPF account.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that;** The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes where applicable. **All the decisions have been taken unanimously and no dissent recorded in Board Meetings.**

**We further report that;** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, Rules, Regulations and Guidelines.

**We further report that;** during the year under review the Board of Directors at their meeting held on September 23, 2016 appointed Mr. Vishal Kampani as Managing Director.

We further report that; during the audit period the Members at the Annual General Meeting held on August 2, 2016 approved and authorised the Board of Directors to;

1. Pay commission to Directors
2. Issue secured / unsecured redeemable Non-Convertible Debentures (NCDs) in one or more series / tranches, on private placement and/or through public offer, on such terms and conditions as the Board may determine, up to an aggregate amount of ₹ 1,000/- crore.

For N L Bhatia & Associates  
UIN:P1996MH05580

**N.L.Bhatia**  
(Managing Partner)  
FCS No: 1176  
C P No.: 422

Place: Mumbai  
Date: May 2, 2017



# DIRECTORS' REPORT

## ANNEXURE V

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs is given below:

1. CSR Policy of the Company lists the activities that can be undertaken by the Company for CSR, composition of CSR Committee, details of existing charitable trusts within the JM Financial Group, annual allocation for CSR activities, areas of CSR projects, criteria for selection of CSR projects, modalities of execution/implementation of CSR activities and the monitoring mechanism of CSR activities/ projects. The CSR Policy is hosted on the Company's website viz., [www.jmfl.com](http://www.jmfl.com).

In accordance with the CSR activities listed in the CSR Policy adopted pursuant to the provisions of Section 135 of the Companies Act, 2013 (hereinafter called "the Act") and Schedule VII thereto by the companies in JM Financial Group including JM Financial Limited, JM Financial Foundation and Kampani Charitable Trust are the two philanthropic arms through which our CSR allocation and spending is administered and monitored.

Accordingly, the Board and the CSR Committee of the Company and its relevant subsidiaries/associate companies approved release of an aggregate amount of ₹ 11.41 Crore (including ₹ 0.22 Crore for the Company) in respect of FY 2016-17 through the philanthropic arm of JM Financial Group viz., JM Financial Foundation for allocation to projects that have been approved by the Board of Directors and the CSR Committee.

2. The Composition of the Company's CSR Committee:
  1. Mr. Nimesh Kampani (Chairman)
  2. Mr. Paul Zuckerman (Independent Director)
  3. Mr. Keki Dadiseth (Independent Director)
3. Average net profit before tax of the Company for last three financial years as per the provisions of the Act: ₹ 10.85 Crore
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 21.71 Lakh
5. Details of CSR spent during the financial year:
  - (a) Total amount spent for the financial year: ₹ 22.00 Lakh
  - (b) Amount unspent, if any: Nil
  - (c) Manner in which the amount spent during the financial year is detailed below:

(1) Sr. No	(2) CSR Project or activity identified.	(3) Sector in which the Project is covered	(4) Projects or programmes (i) Local area or other (ii) Specify the State and district where projects or programmes was undertaken.	(5) Amount Outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads:	(7) Cumulative expenditure up to the reporting period.	(8) Amount spent: Direct or through implementing agency.
1	The Company along with other group companies has identified the project of Integrated Village Development for inclusive growth in Aadpur village, Taluka – Palitana, District Bhavnagar, and/ or on any other clusters of villages in the State of Gujarat. The vision and mission of the project is to make the village self-sustainable with behavioural changes and provide capacity building.	Rural development projects	Village: Aadpur and/or on any other clusters of villages  Taluka – Palitana,  District: Bhavnagar  State: Gujarat	₹ 22.00 Lakh*	The earmarked amount has been contributed to JM Financial Foundation for direct spending on the project mentioned in column (2) alongside, over a period of three to five years.	₹ 22 Lakh*	The earmarked amount has been contributed to JM Financial Foundation through whom the CSR activities will be undertaken. Details of the activities of JM Financial Foundation are given under the Corporate Social Responsibility section of Management Discussion and Analysis Report.

\* As approved by the CSR Committee at its meeting held on December 20, 2016, our contribution towards the total outlay for the project is ₹ 46.00 Lakh comprising ₹ 22.00 Lakh for FY 2016-17 and ₹ 24.00 Lakh for FY 2015-16 along with the interest accrued thereon.

# DIRECTORS' REPORT

## Update on Projects supported by us:

The CSR Committees and the Boards of the Company and the relevant subsidiary/associate companies approved contribution to JM Financial Foundation and Kampani Charitable Trust (hereinafter collectively referred to as 'the Trusts') for the following CSR projects over last two years:

### Ashoka University

An aggregate amount of ₹ 5.00 Crore (including ₹ 14.73 Lakh by the Company) to Ashoka University, Kundli, Haryana, towards promotion of education, campus development and for operations of the University, over a period of four years upto FY 2017-18. Out of the above amount of ₹ 5.00 Crore, the Trusts have disbursed of ₹ 4.00 Crore (including ₹ 11.79 Lakh of the Company) to Ashoka University towards the above activities.

### Samasta Mahajan

An aggregate amount of ₹ 51.00 Lakh (including ₹ 1.50 Lakh by the Company) to Samasta Mahajan for adoption of ten drought hit villages in Maharashtra for creating long term water collection and retention solution and providing immediate support of food, water, fodder, etc., to the residents of these villages. We partnered with a grassroot level organisation for watershed conservation and management in drought-hit villages in Maharashtra. De-silting of broad canals and building water bodies has resulted in increased water storage and groundwater level. A total of 48 villages in Ambejogai Taluka, Beed district, Maharashtra have benefited from the project. Our employees visited the villages and have interacted with the impacted beneficiaries to understand the change in availability of water post our intervention. Our efforts have not only been impactful but also sustainable.

### Kherwadi Social Welfare Association

An aggregate amount of ₹ 24.00 Lakh (including ₹ 0.70 Lakh by the Company) to Kherwadi Social Welfare Association for skill development of students in the areas of multi-skill technicians, computer skills, tailoring and other courses pertaining to the livelihood in rural areas. We supported a vocational skills training program in rural areas by way of Mobile Livelihood Development centres (MLDC's) with an objective to enhance skills and create gainful employment amongst youth. 1600 youths were trained in seven belts spread across India.

### Bombay Natural History Society

An aggregate amount of ₹ 5.00 Lakh (including ₹ 0.14 Lakh by the Company) to the Trusts for various projects towards conservation of nature by way of nature trails and trips for students from less privileged sections of the society. We attempted to create awareness and care amongst municipal school-going children for nature conservation. Having partnered with a premier institute, we facilitated nature trails for municipal school children in midst of forest areas in Mumbai. These children in the early years of life are exposed to rich biodiversity and guided by the institute to learn the basics of environment conservation and sustainability.

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable since amount has been spent.

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

for JM Financial Limited and CSR Committee

Date: May 2, 2017  
Place: Mumbai

**Nimesh Kampani**  
Chairman

# DIRECTORS' REPORT

## ANNEXURE VI

Disclosures pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Disclosure Requirement	Disclosure Details															
1.	Ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Mr. Nimesh Kampani, Managing Director (upto September 30, 2016) – 24.08 times (on annualised basis) Mr. Vishal Kampani, Managing Director (from October 1, 2016) – 5.86 times (on annualised basis)															
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table> <tr> <th>Director/KMP</th><th>Designation</th><th>% increase/(decrease) in Remuneration</th></tr> <tr> <td>Mr. Nimesh Kampani (upto September 30, 2016)</td><td>Managing Director</td><td>7.24%</td></tr> <tr> <td>Mr. Vishal Kampani (from October 1, 2016)</td><td>Managing Director</td><td>Not applicable</td></tr> <tr> <td>Mr. Prashant Choksi</td><td>Group Head – Compliance, Legal &amp; Company Secretary</td><td>(5.20%)</td></tr> <tr> <td>Mr. Manish Sheth</td><td>Group Chief Financial Officer</td><td>(4.92%)</td></tr> </table>	Director/KMP	Designation	% increase/(decrease) in Remuneration	Mr. Nimesh Kampani (upto September 30, 2016)	Managing Director	7.24%	Mr. Vishal Kampani (from October 1, 2016)	Managing Director	Not applicable	Mr. Prashant Choksi	Group Head – Compliance, Legal & Company Secretary	(5.20%)	Mr. Manish Sheth	Group Chief Financial Officer	(4.92%)
Director/KMP	Designation	% increase/(decrease) in Remuneration															
Mr. Nimesh Kampani (upto September 30, 2016)	Managing Director	7.24%															
Mr. Vishal Kampani (from October 1, 2016)	Managing Director	Not applicable															
Mr. Prashant Choksi	Group Head – Compliance, Legal & Company Secretary	(5.20%)															
Mr. Manish Sheth	Group Chief Financial Officer	(4.92%)															
3.	Percentage increase in the median remuneration of employees in the financial year	32.65%															
4.	Number of permanent employees on the rolls of Company at the end of the year	13															
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The aggregate remuneration of employees other than KMPs has increased by 15.54% and that of the KMPs has decreased by 21.80%.															
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Remuneration paid to the employees including KMPs is as per the Remuneration Policy of the Company															

### Notes:

- For the purposes of calculation of ratio and percentage increase/decrease in salary of KMPs in point nos. 1 and 2, the remuneration paid to KMPs have been annualised.
- The Non-executive and Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions of the Act and within the limits approved by the members. The ratio of remuneration and percentage increase in respect of Non-executive and Independent Directors is therefore not considered for the above purpose. The details of remuneration of Non-executive and Independent Directors are provided in the Corporate Governance Report.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 2, 2017

**Nimesh Kampani**  
Chairman

# DIRECTORS' REPORT

## ANNEXURE VII

### Form AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of Companies Act, 2013 ('the Act') including certain arm's length transactions under third proviso thereto**

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions.	Date(s) of approval by the Board, if any.	Amount paid as advances, if any.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188
JM Financial Institutional Securities Limited ( <b>Wholly Owned Subsidiary Company</b> )	Purchase of Equity Shares of a subsidiary, viz., JM Financial Services Limited (JM Financial Services) from the Wholly Owned Subsidiary Company, which is a related party.	There is no duration of the contract since the transaction is for receipt of delivery of shares purchased against the payment of consideration therefor.	Purchase of 45,00,000 equity shares of the face value of ₹ 10/- each of JM Financial Services at an aggregate consideration of ₹ 12,50,00,000 which is the cost of acquisition of the shares in the books of JM Financial Institutional Securities Limited.	Since the contract/ transaction was amongst the group companies and involving purchase of equity shares of a subsidiary from a wholly owned subsidiary of the Company, it was thought proper to acquire the shares of JM Financial Services at the acquisition cost in the books of JM Financial Institutional Securities Limited.	January 23, 2017	None	Since the value of the transaction is within the limit prescribed under the applicable provisions of the Act, no approval of the members is required in the present case.

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

During the year, there were no material contracts or arrangements or transactions under sub-section (1) of section 188 of the Act.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 2, 2017

**Nimesh Kampani**  
Chairman

# DIRECTORS' REPORT

ANNEXURE VIII

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L67120MH1986PLC038784
- ii) Registration Date : January 30, 1986
- iii) Name of the Company : JM Financial Limited
- iv) Category / Sub-Category of the Company : Company Limited by Shares and an Indian Non-Government Company.
- v) Address of the Registered office and contact details : 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai-400025  
Tel.: 022-6630 3030 Fax: 022-6630 3223  
Email ID: prashant.choksi@jmfl.com Website: www.jmfl.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032  
Phone: 040-67162222 Fax: 040-23001153  
Toll Free no.: 1800-345-4001  
Email ID: einward.ris@karvy.com  
Website: www.karvycomputershare.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sr. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Core Investment Company	64200	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
1	JM Financial Institutional Securities Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65192MH1995PLC092522	Subsidiary	100	2(87)(ii)
2	JM Financial Products Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1984PLC033397	Subsidiary	99.27*	2(87)(ii)
3	JM Financial Asset Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65991MH1994PLC078879	Subsidiary	53.47	2(87)(ii)
4	JM Financial Investment Managers Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74100MH1985PLC035954	Subsidiary	100	2(87)(ii)
5	Infinite India Investment Management Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH2006PLC163489	Subsidiary	100	2(87)(ii)
6	JM Financial Credit Solutions Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U74140MH1980PLC022644	Subsidiary	50.01	2(87)(ii)
7	JM Financial Properties and Holdings Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65990MH2010PLC201513	Subsidiary	100	2(87)(ii)

# DIRECTORS' REPORT

Sr. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable section
8	JM Financial Services Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67120MH1998PLC115415	Subsidiary	100	2(87)(ii)
9	JM Financial Commtrade Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U51100MH2005PLC153110	Subsidiary	100*	2(87)(ii)
10	JM Financial Capital Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65190MH2015PLC270754	Subsidiary	100*	2(87)(ii)
11	CR Retail Malls (India) Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U92190MH1999PLC122208	Subsidiary	100*	2(87)(ii)
12	JM Financial Overseas Holdings Private Limited C/o Minerva Fiduciary Services (Mauritius) Limited Suite 2004, Level 2, Alexander House35 Cybercity, Ebène Republic of Mauritius	-	Subsidiary	100*	2(87)(ii)
13	JM Financial Singapore Pte Limited 80 Raffles Place, #25-01 UOB Plaza 1, Singapore 048624	-	Subsidiary	100*	2(87)(ii)
14	JM Financial Securities, Inc 2711 Centerville Road, Suite 400, City of Wilmington, Country of New Castle, Delaware 19808 United States of America	-	Subsidiary	100*	2(87)(ii)
15	JM Financial Asset Reconstruction Company Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U67190MH2007PLC174287	Subsidiary	50.01	2(87)(ii)
16	JM Financial Home Loans Limited 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025	U65999MH2016PLC288534	Subsidiary	99.27*	2(87)(ii)
17	JM Financial Trustee Company Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021	U65991MH1994PTC078880	Associate	25	2(6)
18	Astute Investments 1st & 2nd Floor, Suashish IT Park, Plot No. 68E, Off Datra Pada Road, Opp. Tata Steel, Borivali (East), Mumbai 400 066	-	Partnership Firm in which Wholly Owned Subsidiaries of the Company are Partners	100*	-

\*Holding together with the Company's Wholly Owned Subsidiaries



# DIRECTORS' REPORT

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category wise Shareholding

Category of Shareholders	No of shares held at the beginning of the year				No of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A(i). Promoters									
(1) Indian									
a) Individual/HUF	135,357,500	-	135,357,500	17.16%	135,357,500	-	135,357,500	17.04%	-0.12%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	203,406,600	-	203,406,600	25.78%	203,406,600	-	203,406,600	25.60%	-0.18%
e) Banks/Fis	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
A(ii). Promoter Group									
(1) Indian									
a) Individual/HUF	56,614,985	-	56,614,985	7.17%	56,714,985	-	56,714,985	7.13%	-0.04%
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	122,768,408	-	122,768,408	15.56%	123,542,908	-	123,542,908	15.55%	-0.01%
e) Banks/Fis	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	518,147,493	-	518,147,493	65.67%	519,021,993	-	519,021,993	65.32%	-0.35%
(2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other- Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corporate	-	-	-	-	-	-	-	-	-
j) Banks/Fis	-	-	-	-	-	-	-	-	-
k) Any other	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of promoter (A) = (A)(1)+(A)(2)	518,147,493	-	518,147,493	65.67%	519,021,993	-	519,021,993	65.32%	-0.35%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	24,712,670	-	24,712,670	3.13%	19,839,589	-	19,839,589	2.50%	-0.63%
b) Banks/FI	96,820	-	96,820	0.01%	205,041	-	205,041	0.02%	0.01%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	107,628,580	-	107,628,580	13.64%	115,583,321	-	115,583,321	14.55%	0.91%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(specify)	-	-	-	-	-	-	-	-	-
Sub total (B)(1):	132,438,070	-	132,438,070	16.78%	135,627,951	-	135,627,951	17.07%	0.29%

# DIRECTORS' REPORT

Category of Shareholders	No of shares held at the beginning of the year				No of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-institutions									
a) Bodies Corporate									
i) Indian	16,179,192	39,750	16,218,942	2.06%	24,048,222	39,750	24,087,972	3.03%	0.97%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	42,713,433	5,297,621	48,011,054	6.09%	37,545,765	4,878,455	42,424,220	5.34%	-0.75%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	60,304,932	-	60,304,932	7.64%	38,122,263	-	38,122,263	4.80%	-2.84%
c) Others									
i) NRIs	13,483,070	5,000	13,488,070	1.71%	13,357,140	5,000	13,362,140	1.68%	-0.03%
ii) Trust	377,075	-	377,075	0.05%	21,878,575	-	21,878,575	2.76%	2.71%
Sub total (B)(2):	133,057,702	5,342,371	138,400,073	17.55%	134,951,965	4,923,205	139,875,170	17.61%	0.06%
Total Public Shareholding (B) = (B)(1)+(B)(2)	265,495,772	5,342,371	270,838,143	34.33%	270,579,916	4,923,205	275,503,121	34.68%	0.35%
C. Shares held by Custodian for GDRs and ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	783,643,265	5,342,371	788,985,636	100.00%	789,601,909	4,923,205	794,525,114	100.00%	0.00%

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1	J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	25.78	0.00	203,406,600	25.60	0.00	-0.18
2	J. M. Assets Management Private Limited	102,268,408	12.96	0.00	103,042,908	12.97	0.00	0.01
3	JSB Securities Limited	6,505,000	0.82	0.00	6,505,000	0.82	0.00	0.00
4	Nimesh Nagindas Kampani	135,357,500	17.16	0.00	135,357,500	17.04	0.00	-0.12
5	SNK Investments Private Limited	11,660,000	1.48	0.00	11,660,000	1.47	0.00	-0.01
6	Persepolis Investment Company Private Limited	1,650,000	0.21	0.00	1,650,000	0.20	0.00	-0.01
7	Kampani Consultants Limited	685,000	0.09	0.00	685,000	0.08	0.00	-0.01
8	Aruna Nimesh Kampani	38,451,250	4.87	0.00	38,451,250	4.84	0.00	-0.03
9	Vishal Kampani	10,163,647	1.29	0.00	10,263,647	1.29	0.00	0.00
10	Amishi Kampani	8,000,000	1.01	0.00	8,000,000	1.01	0.00	0.00
11	Ashith Nagindas Kampani	88	0.00	0.00	88	0.00	0.00	0.00
<b>Total</b>		<b>518,147,493</b>	<b>65.67</b>	<b>0.00</b>	<b>519,021,993</b>	<b>65.32</b>	<b>0.00</b>	<b>-0.35</b>

### Notes:

- The percentage decrease in the shareholding of the promoters/promoters' group is due to an increase in the paid up share capital consequent upon the allotment of an aggregate of 55,39,478 equity shares pursuant to exercise of stock options by the eligible employees during the year.
- The percentage increase in the shareholding of J. M. Assets Management Private Limited is due to purchase of 7,74,500 equity shares by them from the open market during the year.
- The change in the shareholding of Mr. Vishal Kampani is due to purchase of 1,00,000 equity shares by him from the open market during the year.

## DIRECTORS' REPORT

### (iii) Change in Promoters' shareholding (please specify, if there is no change)

Sl No.	Particulars	Shareholding at the beginning of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total shares of the company				No. of Shares	% of total shares of the company
	At the beginning of the year							
1	J. M. Financial & Investment Consultancy Services Private Limited	203,406,600	25.78	01.04.2016				
					No change in the shareholding during the year			
		203,406,600	25.60	31.03.2017				
2	J. M. Assets Management Private Limited	102,268,408	12.96	01.04.2016				
				16.11.2016	100,000	Market Purchase	102,368,408	12.93
				17.11.2016	32,397	Market Purchase	102,400,805	12.93
				18.11.2016	59,707	Market Purchase	102,460,512	12.94
				21.11.2016	107,896	Market Purchase	102,568,408	12.95
				22.11.2016	99,552	Market Purchase	102,667,960	12.97
				23.11.2016	448	Market Purchase	102,668,408	12.97
				16.03.2017	374,500	Market Purchase	103,042,908	12.98
		103,042,908	12.97	31.03.2017				
3	JSB Securities Limited	6,505,000	0.82	01.04.2016				
					No change in the shareholding during the year			
		6,505,000	0.82	31.03.2017				
4	Nimesh Nagindas Kampani	135,357,500	17.16	01.04.2016				
					No change in the shareholding during the year			
		135,357,500	17.04	31.03.2017				
5	SNK Investments Private Limited	11,660,000	1.48	01.04.2016				
					No change in the shareholding during the year			
		11,660,000	1.47	31.03.2017				
6	Persepolis Investment Company Private Limited	1,650,000	0.21	01.04.2016				
					No change in the shareholding during the year			
		1,650,000	0.21	31.03.2017				
7	Kampani Consultants Limited	685,000	0.09	01.04.2016				
					No change in the shareholding during the year			
		685,000	0.09	31.03.2017				
8	Aruna Nimesh Kampani	38,451,250	4.87	01.04.2016				
					No change in the shareholding during the year			
		38,451,250	4.84	31.03.2017				
9	Vishal Kampani	10,163,647	1.29	01.04.2016				
				14.03.2017	18,192	Market Purchase	10,181,839	1.28
				15.03.2017	81,808	Market Purchase	10,263,647	1.29
		10,263,647	1.29	31.03.2017				
10	Amishi Kampani	8,000,000	1.01	01.04.2016				
					No change in the shareholding during the year			
		8,000,000	1.01	31.03.2017				
11	Ashith Nagindas Kampani	88	0.00	01.04.2016				
					No change in the shareholding during the year			
		88	0.00	31.03.2017				

#### Notes:

- The percentage decrease in the shareholding of the promoters/promoters' group is due to an increase in the paid up share capital consequent upon the allotment of an aggregate of 55,39,478 equity shares pursuant to exercise of stock options by the eligible employees during the year.
- The percentage increase in the shareholding of J. M. Assets Management Private Limited is due to purchase of 7,74,500 equity shares by them from the open market during the year.
- The change in the shareholding of Mr. Vishal Kampani is due to purchase of 1,00,000 equity shares by him from the open market during the year.

# DIRECTORS' REPORT

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	% of total shares of the company
		For each of the Top Ten Shareholders	No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)				No of Shares	
1	Morgan Stanley Asia (Singapore) Pte.	49,928,479	6.33	01/04/2016				
				22/04/2016	1,696	Purchase	49,930,175	6.33
				29/04/2016	-5,196,467	Sale	44,733,708	5.67
				06/05/2016	-4,000,000	Sale	40,733,708	5.16
				13/05/2016	108,583	Purchase	40,842,291	5.18
				20/05/2016	-3,330,384	Sale	37,511,907	4.75
				27/05/2016	-2,765	Sale	37,509,142	4.75
				03/06/2016	1,684	Purchase	37,510,826	4.75
				17/06/2016	-7,716	Sale	37,503,110	4.75
				24/06/2016	-97,448	Sale	37,405,662	4.74
				30/06/2016	11,024	Purchase	37,416,686	4.74
				08/07/2016	5,323	Purchase	37,422,009	4.74
				15/07/2016	6,114	Purchase	37,428,123	4.74
				7/22/2016	7,558	Purchase	37,435,681	4.74
				29/07/2016	-73,476	Sale	37,362,205	4.73
				02/09/2016	-2,473	Sale	37,359,732	4.72
				04/11/2016	-17,041	Sale	37,342,691	4.72
				11/11/2016	-46,683	Sale	37,296,008	4.71
				18/11/2016	-50,200	Sale	37,245,808	4.70
				09/12/2016	-5,176	Sale	37,240,632	4.70
				16/12/2016	-14,056	Sale	37,226,576	4.70
				23/12/2016	-9,243	Sale	37,217,333	4.70
				30/12/2016	-13,014	Sale	37,204,319	4.69
				06/01/2017	-10,652	Sale	37,193,667	4.69
				13/01/2017	-481,381	Sale	36,712,286	4.63
				10/02/2017	-800,629	Sale	35,911,657	4.52
				17/02/2017	-721,185	Sale	35,190,472	4.43
				24/02/2017	-268,484	Sale	34,921,988	4.40
				03/03/2017	-772,382	Sale	34,149,606	4.30
				17/03/2017	-133,491	Sale	34,016,115	4.29
				31/03/2017	-142,487	Sale	33,873,628	4.26
		33,873,628	4.26	31/03/2017				
2	Azim Premji Trust	0	0.00	01/04/2016				
				31/03/2017	21,875,000	Purchase	21,875,000	2.75
		21,875,000	2.75	31/03/2017				
3	TIMF Holdings	6,000,000	0.76	01/04/2016				
				29/04/2016	5,196,467	Purchase	11,196,467	1.42
				13/05/2016	4,000,000	Purchase	15,196,467	1.93
				20/05/2016	3,198,206	Purchase	18,394,673	2.33
				08/07/2016	669,292	Purchase	19,063,965	2.41
				11/11/2016	544,263	Purchase	19,608,228	2.48
				02/12/2016	313,789	Purchase	19,922,017	2.52
				09/12/2016	251,756	Purchase	20,173,773	2.55
				03/02/2017	155,000	Purchase	20,328,773	2.56
		20,328,773	2.56	31/03/2017				

# DIRECTORS' REPORT

Sr. No.	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	% of total shares of the company
		No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total Shares of the Company				No of Shares	
4	IDFC Premier Equity Fund	23,593,546	2.99	01/04/2016				
				22/07/2016	-508,433	Sale	23,085,113	2.92
				29/07/2016	-1,085,113	Sale	22,000,000	2.78
				05/08/2016	-478,305	Sale	21,521,695	2.72
				12/08/2016	-1,249	Sale	21,520,446	2.72
				19/08/2016	-10,958	Sale	21,509,488	2.72
				26/08/2016	-537,852	Sale	20,971,636	2.65
				09/09/2016	-118,563	Sale	20,853,073	2.64
				21/10/2016	-17,996	Sale	20,835,077	2.63
				11/11/2016	-41,693	Sale	20,793,384	2.63
				13/01/2017	-70,060	Sale	20,723,324	2.61
				20/01/2017	-259,346	Sale	20,463,978	2.58
				27/01/2017	-63,321	Sale	20,400,657	2.57
				03/02/2017	-400,657	Sale	20,000,000	2.52
				17/03/2017	-220,000	Sale	19,780,000	2.49
				24/03/2017	-72,190	Sale	19,707,810	2.48
				31/03/2017	-293,221	Sale	19,414,589	2.44
		19,414,589	2.44	31/03/2017				
5	Valiant Mauritius Partners Offshore Limited	17,165,842	2.18	01/04/2016				
				03/02/2017	621,765	Purchase	17,787,607	2.24
		17,787,607	2.24	31/03/2017				
6	Valiant Mauritius Partners Limited	14,044,780	1.78	01/04/2016				
				03/02/2017	-621,765	Sale	13,423,015	1.69
		13,423,015	1.69	31/03/2017				
7	Vikram Shankar Pandit	11,646,939	1.48	01/04/2016				
				No change in the shareholding during the year				
		11,646,939	1.47	31/03/2017				
8	The Wellington Trust Company National Association	0	0.00	01/04/2016				
				22/07/2016	216,917	Purchase	216,917	0.03
				29/07/2016	4,083,054	Purchase	4,299,971	0.54
				09/09/2016	-87,073	Sale	4,212,898	0.53
				30/09/2016	64,796	Purchase	4,277,694	0.54
				07/10/2016	276,111	Purchase	4,553,805	0.58
				14/10/2016	46,157	Purchase	4,599,962	0.58
				21/10/2016	106,324	Purchase	4,706,286	0.59
				18/11/2016	462019	Purchase	5,168,305	0.65
				25/11/2016	807,148	Purchase	5,975,453	0.75
				02/12/2016	734,664	Purchase	6,710,117	0.85
		6,710,117	0.84	31/03/2017				
9	Aparna Murthy Aiyar	5,823,469	0.74	01/04/2016				
				31/03/2017	5,823,469	Sale	-	
				31/03/2017	5,823,470	Purchase	5,823,470	0.73
		5,823,470	0.73	31/03/2017				
10	Hariharan Ramamurthi Aiyar	5,823,470	0.74	01/04/2016				
				31/03/2017	5,823,470	Sale	-	-
				31/03/2017	5,823,469	Purchase	5,823,469	0.73
		5,823,469	0.73	31/03/2017				

# DIRECTORS' REPORT

## (v) Shareholding of Directors and Key Managerial Personnel

Sr. No	Shareholder's Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17) No. of Shares	% of total Shares of the Company
		For each of the Directors and Key Managerial Personnel	No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)					
1	Mr. Nimesh Kampani Chairman	135,357,500	17.16	01.04.2016				
		135,357,500	17.04	31.03.2017	No change in the shareholding during the year			
2	Mr. E A Kshirsagar Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
3	Mr. Darius E Udawadia Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
4	Mr. Paul Zuckerman Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
5	Dr. Vijay Kelkar Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
6	Mr. Keki Dadiseth Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
7	Ms. Jagi Mangat Panda Independent Director	0	0.00	01.04.2016				
		0	0.00	31.03.2017	No change in the shareholding during the year			
8	Mr. Vishal Kampani Managing Director	10,163,647	1.29	01.04.2016				
				14.03.2017	18,192	Market Purchase	10,181,839	1.28
				15.03.2017	81,808	Market Purchase	10,263,647	1.29
		10,263,647		31.03.2017				
9	Mr. Prashant Choksi Group Head- Compliance, Legal & Company Secretary	235,190	0.03	01.04.2016				
				20.12.2016	36,666	Allotment pursuant to exercise of Stock Options	271,856	0.03
				23.03.2017	856	Market Sale	271,000	0.03
				29.03.2017	16,000	Market Sale	255,000	0.03
				30.03.2017	500	Market Sale	254,500	0.03
		254,500	0.03	31.03.2017				
10	Mr. Manish Sheth Group Chief Financial Officer	228,630	0.03	01.04.2016				
				20.12.2016	36,665	Allotment pursuant to exercise of Stock Options	265,295	0.03
		265,295	0.03	31.03.2017				

### Note:

The change in the shareholding of Mr. Vishal Kampani is due to purchase of 1,00,000 equity shares by him from the open market during the year.



# DIRECTORS' REPORT

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakh)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal amount	4.79	43,500.00	-	43,504.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4.79</b>	<b>43,500.00</b>	<b>-</b>	<b>43,504.79</b>
<b>Change in indebtedness during the financial year</b>				
Addition	-	192,590.00	-	192,590.00
Reduction	3.08	215,200.00	-	215,203.08
Net Change	(3.08)	(22,610.00)	-	(22,613.08)
<b>Indebtedness at the end of the financial year</b>				
i) Principal amount	1.71	20,890.00	-	20,891.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>1.71</b>	<b>20,890.00</b>	<b>-</b>	<b>20,891.71</b>

**Note:** The Indebtedness in respect of unsecured loans at the end of financial year is ₹ 20,656.30 Lakh (previous year ₹ 42,633.80 Lakh), after excluding the unamortised discount on commercial papers.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ In Lakh)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Nimesh Kampani (Managing Director upto close of business hours of September 30, 2016)	Name of MD/WTD/ Manager Mr. Vishal Kampani (Managing Director w.e.f. October 1, 2016)	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	235.00	60.00	295.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	75.07	10.00	85.07
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>310.07</b>	<b>70.00</b>	<b>380.07</b>
	<b>Ceiling as per the Act</b>			<b>561.85</b>

# DIRECTORS' REPORT

## B. Remuneration to other Directors:

(₹ In Lakh)

Sr. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. E A Kshirsagar	Mr. Darius E Udwadia	Mr. Paul Zuckerman	Dr. Vijay Kelkar	Mr. Keki Dadiseth	Ms. Jagi Mangat Panda	
1.	Independent Directors							
	Fee for attending board/committee meetings	8.60	7.80	5.20	5.20	5.00	4.00	35.80
	Commission	20.00	18.00	18.00	20.00	18.00	18.00	112.00
	Others(Fee for attending Independent Directors' Meeting)	1.00	1.00	1.00	1.00	1.00	1.00	6.00
	<b>Total (1)</b>	<b>29.60</b>	<b>26.80</b>	<b>24.20</b>	<b>26.20</b>	<b>24.00</b>	<b>23.00</b>	<b>153.80</b>
2.	Other Non-Executive Directors							
	Fee for attending board/committee meetings	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>29.60</b>	<b>26.80</b>	<b>24.20</b>	<b>26.20</b>	<b>24.00</b>	<b>23.00</b>	<b>153.80</b>
	Remuneration to Managing Director, Whole-time Director and/or Manager							380.07
	Remuneration to other Directors including sitting fees							153.80
	Total Managerial Remuneration including sitting fees							533.87
	Overall ceiling as per the Act (6% of the Net Profit of the Company as calculated as per Section 198 of the Companies Act, 2013)							674.22

Note:

Mr. Nimesh Kampani and Mr. Vishal Kampani (during their respective tenure as Non-Executive Director) have been paid sitting fees of ₹ 3.50 Lakh and ₹ 3.00 Lakh, respectively, in FY 2016 - 17, for attending Board/Committee meetings.

## C. Remuneration to Key Managerial Personnel other than MD/Manager/WTM:

(₹ In Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	180.00	164.47	344.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21.20	21.53	42.73
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	Cost included in 1(b) above	Cost included in 1(b) above	
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>201.20</b>	<b>186.00</b>	<b>387.20</b>

# DIRECTORS' REPORT

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalties / Punishment / Compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 2, 2017

**Nimesh Kampani**  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

## GLOBAL ECONOMIC CONDITIONS—GRADUAL RECOVERY AGAINST AN UNCERTAIN POLICY BACKDROP

The global panorama showcases progressive recovery in world output with growth projected at 3.5% YoY for 2017 (IMF). Although this modest recovery by 40bps over 2016 output growth is majorly attributable to the emerging and developing market economies, reassuring growth in advanced economies can be sensed by the upward revision in growth forecast by the IMF (led by the US). The pick-up in demand is also evident from higher world trade volume growth from 2.2% in 2016 to 3.8% in 2017. Amidst these favourable predictions, dynamics of global economic conditions rely heavily on factors such as a) recovery in China with the expected policy stimulus, driving world demand and output, b) US Administration and monetary policy in the US and c) changing commodity prices. Besides these factors, a) impaired balance sheets of most advanced economies, b) protectionism pressures and c) geopolitical risks especially in the Middle East and Africa pose risks to global growth.

## INDIAN ECONOMY

Among the Emerging and Developing Asian economies, India remains the fastest growing economy, ahead of China and ASEAN. Post demonetisation, there has been much of a controversy regarding the growth estimates for the country. While the government regards the impact of demonetisation as temporary, the IMF has revised growth prospects for FY17 downwards (from 7.6% to 7.2%). According to the Second Advanced Estimates of the Central Statistical Office (CSO), India's growth rate is at 7.1% for FY17. The Economic Survey of India on the other hand, believes growth to lie between 6.75 - 7.5%; accepting output shock to touch the lower bound of 6.75%. The economy aims to achieve growth momentum through a) low inflation, b) revival of investment (both public- through budget schemes and private- through GST roll-out, Insolvency & Bankruptcy Code and Abolition of Foreign Investment Promotion Board), and c) pick-up in rural demand.

The government's inclination towards fiscal prudence was evident in the budget, as the government decided to stick to the fiscal deficit target of 3.5% of GDP for FY17 revised estimates and 3.2% in FY18. However going forward, ambitious estimates for the GDP growth rate and divestment target for FY18 cast doubt upon their realisation. While the Centre adheres to the Fiscal Responsibility & Budget Management Act (FRBM), discipline among state finances is questionable, especially due to rising interest payments on UDAY bonds, implementation of 7th Pay Commission and slowing economic growth. This is in tandem with increased state net market borrowings, approaching closer to that of the Centre; widening the spread of State Development Loans over the benchmark 10-year

government bonds. Overall, these factors impose threat to the consolidated fiscal deficit target of 6% as per the FRBM Act.

Going ahead, both Consumer Confidence Survey and Business Expectations Survey indicate improved future expectations. In this context, we would like to highlight the role of the government. Being a crucial driver of GDP, CSO projects double-digit growth for Government Final Consumption Expenditure for FY17 at 17% YoY (vs. 2.9% in FY16) as against 7.2% YoY for Private Final Consumption Expenditure.

## INFLATION

The Reserve Bank of India (RBI) has put forth its objective of inflation targeting as priority, while supporting growth. The newly formed Monetary Policy Committee (MPC), of the RBI shifted policy stance from accommodative to neutral in the Sixth Bi-monthly Monetary Policy review. Setting the medium term target for CPI inflation at 4% (+/- 2%); RBI's policy decision has resulted in inflation rate of 4.5% for FY17 (vs. 4.9% in FY16); undercutting its FY17 inflation target of 5%. Going forward, the RBI has projected average inflation for first half of FY18 at 4.5% and 5% for the second half with upside risks of a) rising food inflation due to high probability of El Nino event (around July-August), b) implementation of allowances of 7th Pay Commission c) rising general government deficit (especially due to farm loan waiver), d) one-off effects from GST implementation and e) spill-overs due to volatility in global financial markets.

## MONETARY CONDITIONS

Credit growth has remained subdued in FY17. February 17 witnessed a mere 3% YoY growth in credit, mainly led by personal loans (12% YoY) and agriculture and allied activities (9% YoY). Services (8% YoY) registered stable growth while industry suffered de-growth in credit uptake by 5% YoY.

The RBI starved the economy for expected rate cuts in FY17; repo rate was cut only twice totalling 50bps in fear of rising inflation due to global spill overs. As on March 31, 2017, CRR was at 4%, SLR at 20.50%, repo rate at 6.25%, reverse repo at 5.75% and MSF/bank rate at 6.50%. The Indian rupee remained fairly resilient versus other emerging market peers, on account of strong capital inflows and reserve build-up by the RBI followed by demonetisation. The exchange rate during FY17 averaged ₹ 67.1 per US\$ after touching an all-time high of ₹ 68.8 per US\$. Foreign exchange reserves were at US\$ 367.93bn as on April 1, 2017.

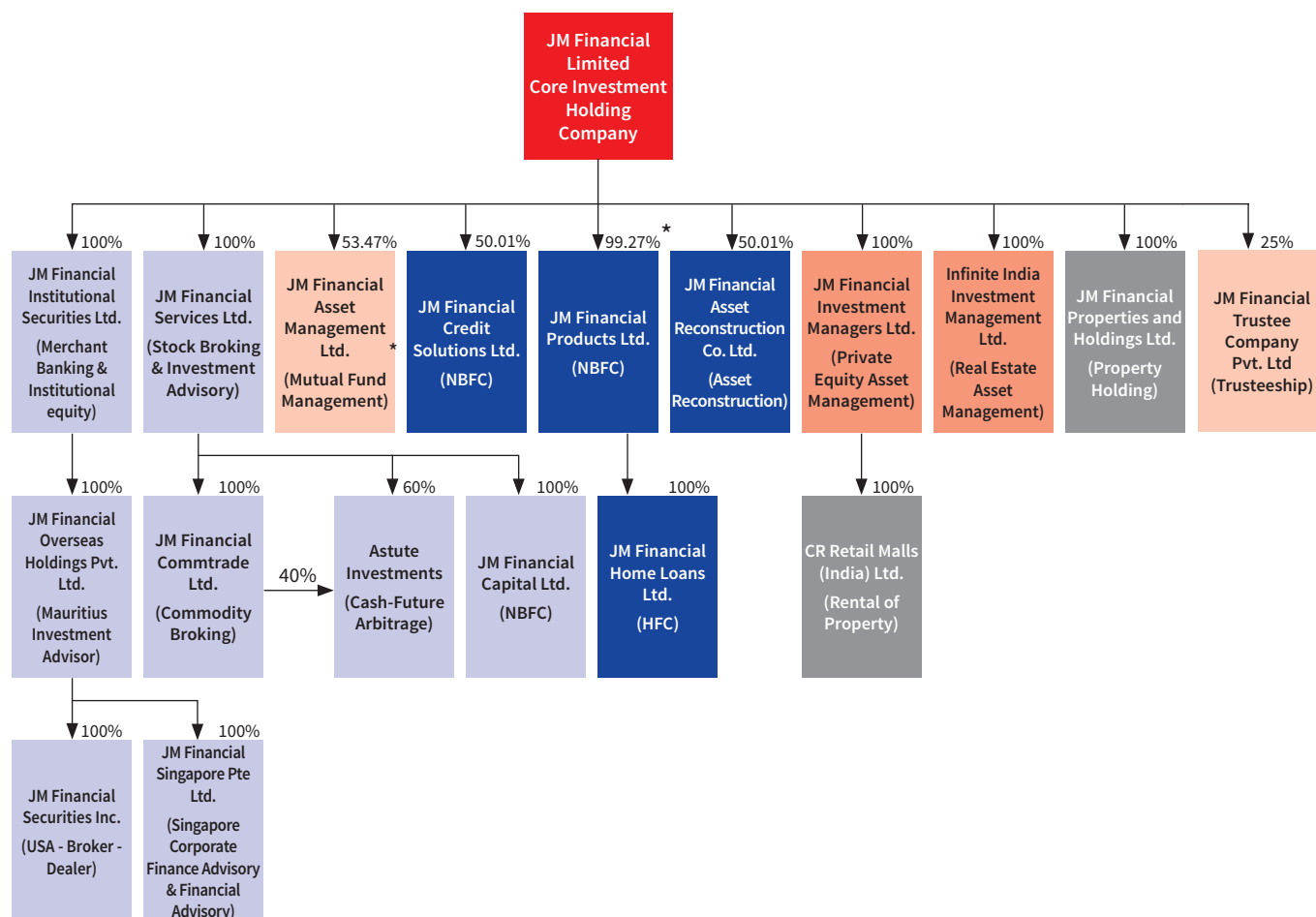
*Source: International Monetary Fund, Bloomberg, Reserve Bank of India, Ministry of Statistics and Programme Implementation, CMIE, Union Budget 2017-18, Economic Survey of India 2016-17*

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCUSSION ON BUSINESSES AND OPERATIONAL PERFORMANCE

JM Financial Limited (“the Company”) is a Core Investment Company (CIC) registered with Reserve Bank of India and its subsidiaries and associates (Group Entities) are engaged in various operating businesses.

The corporate structure of JM Financial Group (“the Group”) is presented below:



\*including 9.27% held by JM Financial Institutional Securities Limited, a wholly owned subsidiary of the Company in JM Financial Products Limited.

As a CIC, the income of the Company consists only of investment income in the form of interest and dividend. Considering the regulatory requirement applicable to it as a CIC of deploying a minimum of 90% of its net assets as investments in/lending to its Group Entities, most of the income is also received from these Group Entities.

The Company is the only entity in the Group whose equity shares are listed on the stock exchanges. In view of the above structure, the way to understand the business performance of the Company

is to analyse the businesses of its Group Entities. The core business area of the Group remains financial services. Various businesses in the Group are divided in four reportable segments. These are:

- **Investment banking and securities business** comprising investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, commodity broking, portfolio management, depository participant;

# MANAGEMENT DISCUSSION AND ANALYSIS

- **Fund based activities** comprising non-banking financial activities (NBFC) and asset reconstruction;
- **Alternative asset management** comprising private equity and real estate fund management; and
- **Asset management** comprising mutual fund management business.

The income of the Company on standalone basis will continue to depend on the dividend income from its investments in subsidiaries and associates. The intrinsic value of the Company is also derived from the overall value of its operating Group Entities. The management remains continuously focused on improving the performance of operating Group Entities.

Various operating businesses are carried out by Group Entities having independent management teams and regulatory licences.

Our business segments are discussed in detail below:

## Investment Banking and Securities Business

Our investment banking and securities business revolves around ideation, innovation and relationship management. This business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, providing wealth advisory services, broking services and distribution of financial products in an open architecture environment to retail investors/High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs). Our investment banking and securities business is largely dependent on the health of capital markets in India.

## Investment Banking Business

Investment banking business is amongst the oldest businesses within the JM Financial group. We are a full service investment banking franchise present across products viz. equity capital markets, debt capital markets, mergers and acquisitions and private equity syndication with a strong track record of over four decades. We have deep relationships into large and emerging corporates in India and have acted as their trusted advisors for decades. These relationships have strengthened over time and have enabled us to be the advisor of choice for managing marquee clients. Our expertise and relationships have helped us handle some of the most complex and largest transactions in India. We have also led innovative structuring and executed

complex, challenging transactions and restructuring of corporate groups and businesses. We have leveraged our relationships and expertise built through our investment banking platform in our fund based businesses.

A positive economic and a conducive business and regulatory environment is expected to provide growth opportunities for our investment banking business as corporates look for avenues of fund raising as well as consider inorganic growth and restructurings to implement their strategy. We will continue to focus on ideation with deeper, wider and sharper coverage and to synergistically use our balance sheet resources to expand our revenue base and gain profitable market share. Cross selling of products within the various businesses will be at the forefront of all our strategies. We will continue to strive for client centric solutions and use our strong relationships to provide them with increased product offerings to meet their requirements.

## Market Environment

### Primary Market

The breakup of funds raised in public markets during FY 2016-17 as compared to the FY 2015-16 is as follows:

Primary market	FY 2016-17		FY 2015-16	
	No.	₹ in Crore	No.	₹ in Crore
IPO	105	29,050	74	14,811
Rights Issue	13	3,424	12	9,239
QIP	22	13,671	20	14,358
Total Equity Raised	140	46,144	106	38,408
Total Debt raised through Public issue	16	29,547	20	33,812
<b>Total Amount Raised</b>	<b>156</b>	<b>75,691</b>	<b>126</b>	<b>72,220</b>

(Source: Prime Database)

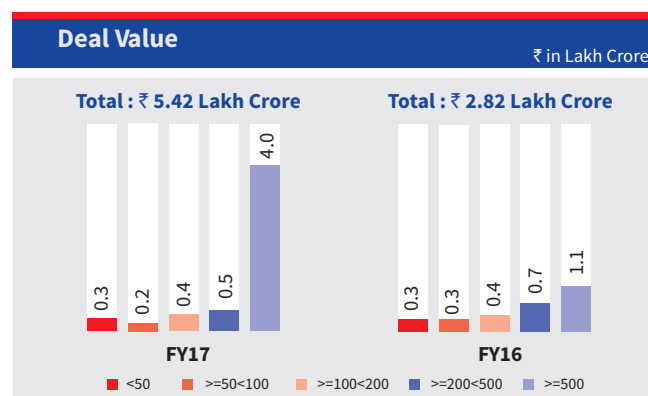
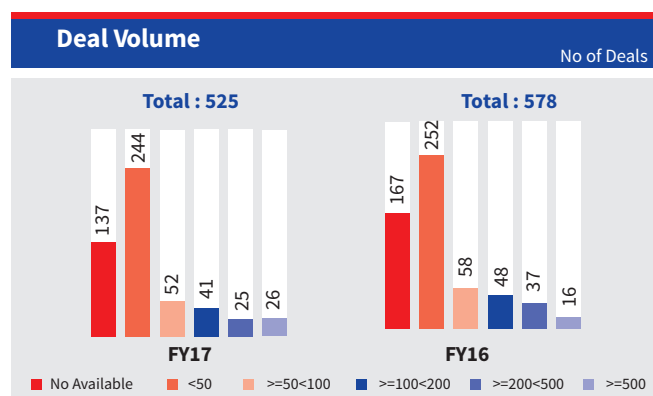
There were 28 transactions of Offer for Sale for an aggregate amount of ₹ 8,390 Crore in FY 2016-17 as against 18 transactions for ₹ 19,822 Crore during FY 2015-16.

## Mergers and Acquisition

During FY 2016-17, 525 deals were announced as compared to 578 deals in FY 2015-16. Total value of the deals announced was ₹ 5.42 lakh Crore (this does not include 137 deals for which deal values were not available) for FY 2016-17 as against ₹ 2.82 lakh Crore (this does not include 167 deals for which deal values were not available) for FY 2015-16.



## MANAGEMENT DISCUSSION AND ANALYSIS



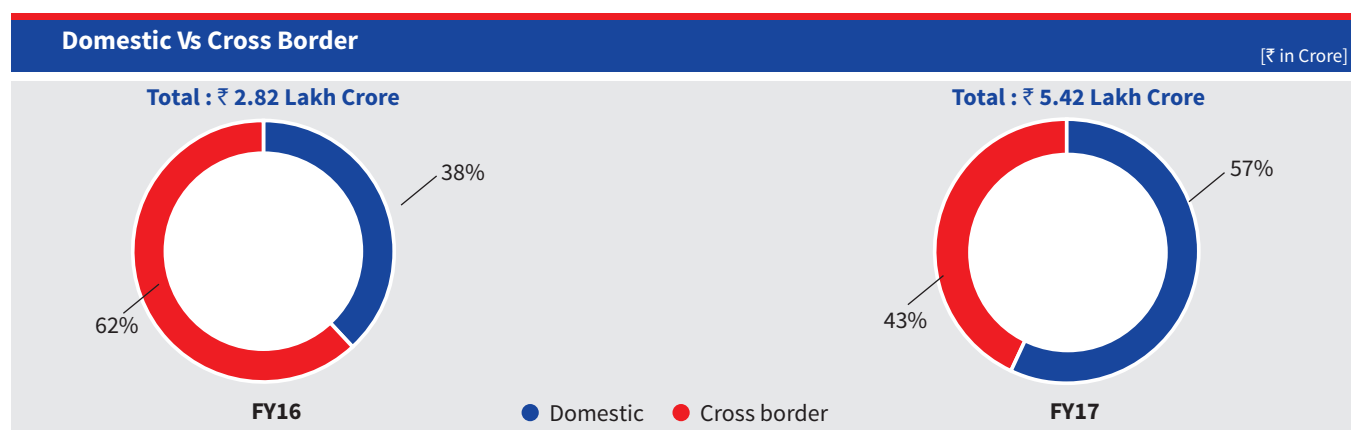
Source: Merger market

### Notes

- Deals are considered based on announcement date (excluding lapsed/withdrawn bids)
- Deals where both target and bidder are outside India are not considered
- Deal values are converted from USD to INR based on the average exchange rates for FY16 and FY17 obtained from RBI website viz <https://www.rbi.org.in/>

### Domestic v/s Cross-Border Activity

During FY 2016-17, domestic transactions contributed 57% to the overall M&A activity with deal value aggregating ₹ 3.09 lakh crore.



Source: Merger market

### Notes

- Deals are considered based on announcement date (excluding lapsed/withdrawn bids)
- Deals where both target and bidder are outside India are not considered
- Deal values are converted from USD to INR based on the average exchange rates for FY16 and FY17 obtained from RBI website viz <https://www.rbi.org.in/>

# MANAGEMENT DISCUSSION AND ANALYSIS

## Private Equity

In FY 2016-17, private equity deals worth ₹ 86,843 crore were announced compared to ₹ 1,13,910 crore in FY 2015-16 (Source: JM Financial Estimates). The sectors that experienced the maximum interest from private equity investors include IT/ITES, Financial Services and Telecom.

## Operational Performance of Investment Banking Business

### Equity Capital Markets

During FY 2016-17, we concluded the following equity capital market transactions:

- Book Running Lead Manager to the IPO of
  - Parag Milk Foods Limited - ₹ 750 Crore
  - Dilip Buildcon Limited - ₹ 654 Crore
  - L&T Technology Services Limited - ₹ 895 Crore
  - ICICI Prudential Life Insurance Limited - ₹ 6,056 Crore
  - PNB Housing Finance Limited - ₹ 3,000 Crore
  - Avenue Supermarts Limited - ₹ 1,870 Crore
  - Thyrocare Technologies Limited - ₹ 480 Crore
- Book Running Lead Managers to the QIP by
  - Motherson Sumi Systems Ltd - ₹ 1,993 Crore
  - Hindalco Industries Ltd - ₹ 3,350 Crore

## Private Equity

We acted as advisor to the following companies/funds in private equity advisory:

- Goldman Sachs and KKR for exit in TVS Logistics Services to CDPQ, TVS family members and management for ₹ 1,235 Crore
- Canara Bank for stake sale in Can Fin Homes Ltd. to GIC for ₹ 754 Crore
- BSCPL Infrastructure for sale of its road asset BSCPL Godhra Tollways to India Infrastructure Fund II for ₹ 306 Crore

- Ascent Health and Wellness Solutions for an investment from Everstone Capital
- Mr. Sumant Sinha (Promoter of ReNew Power) for structured finance of ₹ 280 Crore from Piramal Finance
- Blackstone for open offer in Mphasis

## Mergers & Acquisitions

JM Financial was an advisor to the following marquee transactions during FY 2016-17:

- Sole financial advisor to Geometric Limited on composite scheme of arrangement whereby the entire business of Geometric Limited is transferred to HCL Technologies Ltd. by way of demerger, except for its 58% holding in the Joint Venture entity, 3DPLM Software Solutions Limited (3DPLM), with Dassault Systèmes; Pursuant to the Scheme, the remaining Geometric, post demerger, merged into 3DPLM thereby giving 100% ownership to Dassault Systèmes;
- Sole transaction advisor to Tata Power Renewable Energy Limited on acquisition of the Renewable Energy Assets of Welspun;
- Transaction advisor to K Raheja Corp Group on the sale of 15% stake in commercial asset portfolio to Blackstone;
- Sole financial advisor to TransUnion for increasing its stake in TransUnion CIBIL Limited;
- Manager to Open Offer by the Blackstone Group to the shareholders of Mphasis Limited;
- Advisor to the restructuring of the Mafatlal Group's shareholding in its 3 listed companies – Mafatlal Industries Limited, NOCIL Limited and Navin Fluorine Limited;
- Advisor to Essar Group on sale of controlling interest in Essar Oil to Rosneft, Trafigura Beheer B.V. and United Capital Partners;
- Provided fairness opinions for the following landmark transactions:
  - Merger of Cairn India Limited into Vedanta Limited

## MANAGEMENT DISCUSSION AND ANALYSIS

- Scheme of acquisition of State Bank of Bikaner and Jaipur, State Bank of Mysore, State Bank of Travancore and Bharatiya Mahila Bank into State Bank of India
- Merger of Aditya Birla Nuvo with Grasim and the subsequent Demerger of the Financials Services business into Aditya Birla Financial Services

Our international office in Singapore under JM Financial Singapore Pte. Ltd (JM Financial Singapore) advised Geometric Limited on a 3 way transaction which involved divestment of its business to HCL Technologies Ltd and its interest in 3DPLM Software Solutions Limited to Dassault Systemes. JM Financial Singapore also advised 3DPLM on its listing of Redeemable Preference Shares.

### Securities Business

Our securities business includes our Institutional Equities Business which serves our institutional clients and our Equity Brokerage Group which serves individual and corporate clients.

Our Institutional Equities business offers broking services in both cash and derivatives segments to Indian and global institutional clientele. We strive to provide high quality differentiated research with a focus on new stock ideas, intensive client servicing and efficient trade execution, complemented by hassle free post trade settlement. Over the years, our research has been making a mark in the investor community for identifying fundamentally strong companies for longer term investments. We currently cater to over 200 institutional investors that include marquee long only FIs, hedge funds, sovereign funds and domestic mutual funds & insurance companies. Our 28 member research team led by senior sector analysts covers over 160 companies across sectors. The sales and research teams have received accolades in client reviews; and we consistently rank amongst the leading brokers with many foreign and local institutional investors. Given our strong relationships, we also host a large number of foreign investors for dedicated sector focus India visits as well as regularly showcase strong Indian corporates on overseas roadshows. During the year, JM Financial successfully distributed nine capital market transactions to domestic and global funds sourced by our investment banking business.

Our equity brokerage offers research based equity advisory and trading services to high net-worth individuals, retail and corporate clients. We have a presence in 116 top cities in India through our branches and franchisee network. The combination of branches and franchisees have helped us in achieving a de-risked business

model and a wide spread presence. This group services over 43,500 active clients with team of 188 advisors spread across the country. The emergence of discount broking players in last few years have forced even traditional full service brokers to build online platform for cost sensitive retail/high trading customers. During the year we have invested in people, research capabilities and online technology platform which will help us to grow this business cost effectively. During the FY2016-17, 31% of our clientele volume was contributed through online trading. We will continue to focus on strengthening our Branch network in Tier 1 cities and Franchisee Network in Tier 2 & 3 cities. Our focus will be to gain more market share in high yielding cash segment delivery based business by offering suitable products, pricing, research ideas and execution capabilities to our broking customers.

Given the strength of the Indian economy, movement of investments towards organized sources of funding and consequently the equity markets; the prospects for the securities business continues to be promising. Moreover, over the last few months, we have seen several MNC investment banks and brokerage houses retreating and significantly scaling down their India presence, primarily due to regulatory and capital challenges in their home countries. Given this backdrop, investors are graduating to domestic equity houses for their research servicing requirements given the stable teams and increasing research coverage. Corporate India is also increasingly graduating to strong domestic banks for effective and dedicated delivery on large capital raising requirements. Another trend emerging with strong potential is of global institutional investors paying separately for research services. Such unbundling opens up significant opportunity for strong research franchises like JM Financial, having wide sector coverage. The accelerating shift of global asset allocation to passive funds from active fund management is a challenge. Passive flows generally have lower trade commissions and hence adversely affect overall trade commissions.

The comparative details of average daily turnover in the Cash and Derivative segments of BSE and NSE are given below:

Average Daily Turnover	₹ in Crore	
	FY 2016-17	FY 2015-16
<b>Cash</b>		
BSE	4,025	2,996
NSE	20,387	17,154
<b>Derivatives</b>		
BSE	28	18,117
NSE	3,80,525	2,62,453

(Source: SEBI, NSE, BSE)

## MANAGEMENT DISCUSSION AND ANALYSIS

During FY 2016-17, our average daily turnover stood at ₹ 2,987 Crore compared to ₹ 2,137 Crore for FY 2015-16.

### Investment Advisory and Distribution

Our Investment Advisory and Distribution caters to corporates, ultrahigh net worth and high net worth investors, banks and institutions through our wealth management and independent financial distribution division (IFD). We offer a wide range of products and services to our clients ranging from fixed income products, portfolio management services and distribution of financial products including public issues, mutual funds, alternative assets, corporate bonds and fixed deposits products. We operate in an open architecture model for distribution and are among the largest distributors of third party products in India.

The Wealth Management Group caters to ultra high net worth and high net worth investors, corporates and banks. We follow the asset allocation model and provide a complete range of financial and custody solutions to clients including family office, advisory and execution services. During the year, we increased investments in people and offices to further expand our foot print in the wealth management business. As on March 31, 2017, the assets under management of the Wealth Management Business stood at approximately ₹ 23,664 Crore. As of March 31, 2017 we had a team of 67 wealth advisors.

Independent Financial Distribution (IFD) division has a network of over 8,200 active Distributors who distribute various financial products such as mutual funds, fixed deposits, IPOs, bonds. We mobilised approximately ₹ 4,415 Crore in various company fixed deposits and fixed income products during the year and have established a clear leadership position in this segment. We mobilised more than ₹ 2,600 Crore in public issues of equity and fixed income securities by various companies and ₹ 1,049 Crore in various mutual fund schemes.

During FY 2016-17, mutual fund industry AUM increased from ₹ 13,60,675 Crore to ₹ 18,63,156 Crore, an increase of 37%. Corporate investors AUM have grown by 37% (from ₹ 6,44,496 Crore in FY2015-16 to ₹ 8,82,144 Crore in FY2016-17), HNI Investors AUM have grown by 33% (from ₹ 3,55,528 Crore in FY2015-16 to ₹ 4,72,872 Crore in FY2016-17) & Retail investors AUM have grown by 45% (from ₹ 2,65,213 Crore in FY2015-16 to ₹ 3,84,656 Crore in FY2016-17). AUM in direct plan have grown by 50% from ₹ 5,20,470 Crore to ₹ 7,81,446 Crore and AUM with non-associate distributors has registered growth of 25% from ₹ 7,57,774 Crore to ₹ 9,50,925 Crore.

Our investment advisory and distribution segment is expected to benefit from the growing trend of investments getting channelized into organized financial instruments. Improving demographics and increase in income levels is expected to augur well for our investment advisory and distribution business. We have successfully been able to cross sell other products of the group (such as investment banking products) to our wealth clients. Further, we also provide our funding and broking platforms to our wealth clients thereby providing a holistic solution to the clients.

Astute Investments, a partnership firm in which JM Financial Services Limited and JM Financial Commtrade Limited, wholly owned subsidiaries of the Company are partners, focusses on taking advantage of the arbitrage opportunities available in the market targeting very low risk profits.

In the Commodity broking business our focus is to provide research based advice to clients on bullion, base metals, crude and other commodities. The commodity business volumes grew by approximately 13% in FY 2016-17 compared to FY 2015-16. National Spot Exchange Limited (NSEL) suspended its trading and settlement operations from July 31, 2013. We had an outstanding amount to be recovered from NSEL of ₹ 15.03 Crore on account of our own arbitrage book as on March 31, 2017. Our clients had also invested in the products offered by NSEL and had an outstanding recoverable amount of ₹ 61.07 crore from NSEL as on March 31, 2017. We are closely in touch with authorities for final resolution in this regard.

### International Operations

We have established subsidiaries/step down subsidiaries in Mauritius, Singapore and USA to cater to and service overseas clients/investors and to carry out permitted business activities in these jurisdictions. We are building strong traction with US based investors through our subsidiary in USA.

Our Investment Banking and Securities business is subject to threats which include

- macro-economic factors such as abnormal monsoon, geopolitical tensions, global economic threats impacting the business and capital market environment
- business specific threats such as increased intensity of competition from players across the industry creating downward pressure on fees, commissions and brokerages, regulatory challenges, technology innovations, amongst others

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Performance of Investment Banking and Securities Business

(₹ in Crore)

Particulars	FY 2016-17	FY 2015-16
Gross Income	638.75	494.69
Profit before tax	143.69	79.44
Profit after tax before minority interest	95.37	54.39
Profit after tax after minority interest	95.37	53.96
Segment Capital Employed	638.84	560.50

## FUND BASED ACTIVITIES

We provide fund based activities through our Non-Banking Financial Companies (NBFCs) which are as follows;

- Commercial real estate lending to real estate developers
- Structured financing solutions group catering to the funding requirements of our corporate clients
- Capital market related lending to our broking and wealth management clients
- Asset reconstruction business catering to the acquisition and resolution of distressed assets

During FY2016-17, we crossed an important milestone of ₹ 10,000 Crore in our loan book with almost nil net NPAs. Our loan book as of March 31, 2017 stood at ₹ 11,343 Crore as compared to ₹ 7,215 Crore as of March 31, 2016.

Our lending businesses continue to focus on steady profitable growth with stringent underwriting standards. It is our endeavour to diversify our real estate portfolio both by number of accounts and geography to mitigate concentration risk. We continue to leverage our existing client relationships to grow our corporate and capital market loan book. The distressed assets space is gaining traction on the back of regulatory push and government's resolve to provide better business environment for the domestic financial system. We continue to focus on resolution of our existing portfolio and acquisitions of corporate accounts with underlying businesses that have a potential to revive. We have an unique advantage of using our investment banking expertise for resolutions of the acquired distressed assets. We continue to explore new avenues of financing going forward to further diversify our borrowing profile and strive to improve our credit ratings to achieve the benefit of lower cost of funds. We leverage our fund based activities to build new revenue streams for our other businesses within the group.

While the opportunity in the fund based activities is large, there is always a looming threat of the loans turning into NPAs and resolutions getting delayed. We are facing challenges from new entrants with large balance sheets, existing players and yield compression. In light of extant guidelines, Asset Reconstruction Companies may be required to contribute higher cash component which may require further growth capital. Global distressed asset funds are increasingly seeing an opportunity in this space and competition can be expected to increase from new domestic players as well as global funds.

### New Initiatives:

We have made an application to National Housing Bank ("NHB") for our foray into housing finance business with a focus on the affordable housing segment. We believe that with the government's push, the housing finance market is expected to witness strong growth momentum. We are also exploring financing the Small and Medium Enterprises (SME) sector with a focus on education infrastructure loans. We are exploring the use of technology to reduce time to market and also control operating costs in the new businesses. With these initiatives, we are slowly and gradually diversifying from wholesale lending into retail lending.

### Real Estate Lending

We provide integrated financial solutions to real estate developers with focus on project financing. We cater to sixty groups with a significant focus on repeat business. Our main markets continue to be Mumbai, Pune, Bengaluru and Chennai and we plan to selectively enter new geographies to expand our business. In FY 2016-17, we ventured into the Hyderabad market and are planning to enter Kolkata & NCR this year. Most of our clients have over twenty five years of experience in the real estate industry. As on March 31, 2017, our total loan book stood at ₹ 8,106 Crore with zero Gross NPAs as compared to ₹ 5,629 Crore as of March 31, 2016.

We have had a strong track record in lending to the real estate sector and have developed strong relationships, skill sets and gained valuable experience over time. We have stringent evaluation criteria for approving loans to real estate developers including a strong track record of delivering projects. We continue to be very selective and focus on underlying cash flows and security cover while lending.

Real estate sector is one of the largest sectors in India and we believe it has been under serviced by banks and financial institutions. We believe that with various regulatory initiatives like RERA (Real Estate Regulation and Development Act, 2016), Goods

## MANAGEMENT DISCUSSION AND ANALYSIS

and Services Tax, Benami Property Act the sector is gradually getting institutionalized. RERA has been enacted and all states will be following the same in the financial year 2017-18. Some of the key highlights of this Act are:

- No pre-launch without approvals
- Project registration with the regulator is made mandatory
- Project layout/approval status/timelines have now to be disclosed to authorities and customers
- 70% of sales money to be escrowed and used only for that specific project

This Act is expected to move the overall industry towards better transparency and organised consolidation among serious players. This on one hand is expected to increase the confidence of the end user leading to stabilisation of demand and on the other hand will increase the demand for capital in the sector.

The broad macro-economic drivers like high rate of urbanisation, favourable demographics, better affordability, shift towards nuclearisation and expanding service sector growth are still intact for the long term demand of real estate sector. On the residential side, the end user affordability for the residential segment has improved over last two years due to falling interest rates on home loans which are at a decade low, stable real estate prices and rising income levels. However, against many positive developments in the sector, there are some dark clouds in the horizon. The area sold by developers, across all geographies, continues to fall in FY 2016-17. The high inventory levels have shown little sign of abating. The indebtedness of most players in the sector has also increased over the last year, making it all the more critical for lenders to distinguish between creditworthy and non-creditworthy developers. As economic growth picks up in FY 2017-18, it is expected that some of these risks in the sector are likely to get mitigated.

### Structured Finance Group

Structured Finance Group (SFG) aims to provide customised financing solutions under the following broad categories:

- a. **Structured Lending** – We aim to offer a comprehensive financing package to operating businesses to refinance existing debt, top-up working capital funding and fund growth capex. These solutions are primarily offered to good

quality companies in growth sectors, with strong track record of promoters and management with an aim to provide an optimum capital structure suited to the long term prospects of such companies.

- b. **Promoter Funding** – We aim to offer financing to Promoter holding companies against listed share securities or mortgage of properties to meet their strategic requirements i.e. equity funding for acquisitions or capex, stake accretion in group companies, investments, buying out of private equity investors and promoter debt refinancing.
- c. **Acquisition Financing** – We offer competitive INR funding solutions to companies acquiring domestic assets, where banks restricted by regulation from providing financing for the equity investment.
- d. **Bridge Financing to Capital Market Exit** – We can offer efficient financing structures to companies for short tenor structured as a bridge to IPO or private equity infusion; alternately, structured debt financing can be a medium term solution for such companies to raise capital without equity dilution.

Our key differentiator in the SFG franchise is our ability to be a valued relationship oriented financing partner, with a strong investment banking franchise, having pioneered innovation in the equity markets over the years and therefore inherently having a deep appreciation of risk-return. We expect to drive our business with greater focus on client and transaction selection, detailed business assessment, thorough due diligence, robust security package, water-tight structural provisions and high intensity of portfolio monitoring, thereby minimising any likelihood of potential credit risk deterioration, while still being competitive on pricing terms and maximising yield across the portfolio.

As of March 31, 2017 our Corporate loan book stood at ₹ 1,561 Crore compared to ₹ 593 Crore as of March 31, 2016.

### MTF / IPO Division

Our MTF / IPO division caters primarily to the capital markets segment. Financing business in the area of loan against shares, margin funding, ESOP financing, loan against bonds/ mutual funds, sponsor financing, loans against property continued to see good traction in last year. Through our MTF / IPO division we cater largely to our wealth and broking clients. With pickup in the capital markets, especially the primary market, we ramped up our IPO funding book with total funding of ₹ 50,533 Crore across 30 public



## MANAGEMENT DISCUSSION AND ANALYSIS

issues during the FY 2016-17. The robust IPO pipeline aided by a supportive regulatory environment coupled with a general uplift in investor sentiment, positive macro environment, tax reforms & stable government augured well for the growth of the industry. We have also been financing clients for applications in select primary equity issuances mainly on the BSE-SME platform which enables listing of the SME's.

As of March 31, 2017 our capital markets loan book stood at ₹ 1,676 Crore as compared to ₹ 993 Crore as of March 31, 2016.

### Credit Rating

CRISIL reaffirmed the "CRISIL A1+" (highest grade) rating for our Commercial Paper program which indicates a very strong degree of safety with regards to timely payment of financial obligations and "CRISIL AA/Stable" rating for long term NCD issuances and bank loan rating, which indicates high degree of safety with regards to timely payment of interest and principal on the instruments. Both these instruments are considered to carry a very low credit risk.

ICRA reaffirmed the rating of "[ICRA] A1+" (highest grade) for issuance of Commercial Paper and "[ICRA] AA/Stable" rating for long term NCD issuances and bank loans and "PP-MLD [ICRA] AA" for long term principal protected equity linked debenture program. All these instruments indicate a very high degree of safety with regards to timely payment of financial obligations and considered to carry very low credit risk.

India Ratings and Research (IND-Ra) affirmed 'IND AA' with a Stable Outlook rating for Non-Convertible Debentures (NCDs) and bank loans. The agency has also affirmed JM Financial Credit Solutions' Commercial Papers at 'IND A1+'.

### Asset Reconstruction Business

Our asset reconstruction business is engaged in the business of acquiring and resolving distressed assets. During the year, we concluded 31 transactions with outstanding dues of ₹ 5,077 Crore acquired at a consideration of ₹ 2,252 Crore. Till March 31, 2017, we have, on a cumulative basis, acquired total outstanding dues of ₹ 28,710 Crore at a consideration of ₹ 13,279 Crore. Resolution strategies were initiated for majority of the assets acquired. During the year, Security Receipts worth ₹ 199 Crore were redeemed, the outstanding Security Receipts stood at ₹ 11,874 Crore as on March 31, 2017. The ARC business became a subsidiary of JM Financial Limited during the year. We are very selective in acquiring assets and do not acquire assets where we are unable to influence resolutions. The ARC business revenues are very lumpy in nature

with high levels of profitability in the year of resolution of the assets.

The domestic banking sector continues to face substantial levels of stress in their loan portfolio partly reflecting legacy issues and deterioration of asset quality. The Union Government and the Regulator have increased their efforts to push banks to recognise and resolve the asset quality problem. As per RBI Financial Stability Report published in December 2016, the Gross Non-Performing Assets (GNPA) ratio of Scheduled Commercial Banks increased to 9.1% in September 2016 from 7.8% in March 2016. Stressed advances defined as GNPA's plus restructured advances increased to 12.3% in September 2016 from 11.3% in September 2015. In September 2016, the stressed advances of public sector banks were at 15.8%, private sector 4.6% and foreign banks at 4.4%. The large borrowers registered significant deterioration in their asset quality. The asset quality review of Indian banks and the subsequent corrective actions are positive steps towards cleaning the books of banks.

The RBI has, from time to time, issued various guidelines aimed at revitalizing the stressed assets in the economy. These guidelines include the 'Framework to Revitalise the Distressed Assets in the Economy', 'Strategic Debt Restructuring ("SDR") Scheme', 'Flexible structuring of Long Term Project Loans' and 'Scheme for Sustainable Structuring of Stressed Assets' ("S4A"). In November 2016, RBI announced certain revisions to the aforesaid guidelines. These changes primarily aim at aligning the standstill provisions pertaining to asset classification of accounts as applicable in case of the SDR Scheme with other guidelines and also extend the 5/25 scheme to new project loans and existing project loans, where the aggregate exposure of all institutional lenders exceeds ₹ 250 crore, in all sectors. Banks are also required to make disclosures in their financial statements in connection with flexible structuring of loans, invocation of SDR and change in ownership outside the SDR Scheme.

In September 2016, RBI issued new guidelines for sale of stressed assets by Banks with a view to further strengthen Banks ability to resolve their stressed assets, and put in place an improved framework governing sale of such assets by Banks to SCs/RCs/ other Banks/NBFCs /Financial Institutions etc. The guideline has a significant bearing on future NPA sale by banks as it lays down mechanism for timely identification of stressed accounts and appropriate actions to ensure there is low vintage, true sale and better price realisation for banks. As per the aforesaid guideline w.e.f from April 01, 2017 if the investment by selling banks in

## MANAGEMENT DISCUSSION AND ANALYSIS

Security Receipts (SR) is above 50% of the amount of purchase consideration then banks need to make provisioning at higher of - Net Asset Value as declared by the SCs/RCS or provisioning rate as applicable to the underlying loans, assuming that the loans notionally continue in the books of the bank, from FY18-19 this threshold of 50% will be reduced to 10%. Banks also have to lay down detailed policies/guidelines with respect to sale of stressed assets. Banks which are putting up the asset for sale shall also offer the first right of refusal to the ARC which has already acquired the highest and a significant share at a price which shall match the highest bid for the account. The Banks shall also lay down a policy for adoption of Swiss Challenge Method for sale of stressed assets.

During the last year, several important amendments were made in the existing Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, and the Debt Recovery Tribunal (DRT) Act. The amendments are aimed at faster recovery and resolution of bad debts by Banks and Financial Institutions and making it easier for ARCs to function.

The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was repealed in December 2016 and subsequently BIFR and AIFR also stand dissolved and all proceedings before them stand abated. The Insolvency and Bankruptcy Code, 2016 ('Bankruptcy Code') came into effect in parts during the last year starting from August 5, 2016. The Bankruptcy Code replaces the entire gamut of extant corporate insolvency laws. It focuses on quicker decision-making, be it turnaround or liquidation and facilitating an early settlement of all stakeholder issues. One of the Code's most significant provisions is the "order of priority" or the waterfall mechanism which gives priority to secured creditors over statutory dues and even provides for workers dues for a certain period.

The various amendments made under SARFAESI Act and setting up of Insolvency and Bankruptcy Code aim at fast-tracking the recovery process for ARCs, Banks and other Financial Institutions. Recognising the role of ARCs in dealing with the high NPA levels and to aid faster recovery of bad loans, the Government has proposed Listing and Trading of SRs issued by ARCs in the Union Budget 2017. With the listing of SRs, investors can enter the segment of asset resolution without fearing illiquidity of their investment as they would be able to exit their investments on the stock exchange.

### Credit Ratings

CRISIL has assigned 'CRISIL AA-/Stable' rating on JM Financial Asset Reconstruction Company Ltd's (JMFARC) NCD issues and

long-term bank facilities. The rating on JMFARC's commercial paper programme is 'CRISIL A1+'.

ICRA has assigned the rating of [ICRA]AA- with stable outlook for the NCD program of JMFARC and the rating of [ICRA]A1+ to the commercial paper programme of JMFARC.

### Debt Trading

During the year, we carried out transactions in Government securities and Non SLR securities. Our treasury book in government securities stood at Nil at the end of the FY 2016-17 as against ₹ 256.89 Crore at the end of the previous financial year.

### Financial performance of Fund Based Business

Particulars	(₹ in Crore)	
	FY 2016-17	FY 2015-16
Gross Income	1,625.02	1,078.93
Profit before tax	778.75	548.60
Profit after tax before minority interest*	518.41	419.17
Profit after tax after minority interest	360.34	315.01
Segment Capital Employed	3,240.76	2,558.35

\*Includes Profits from Associate

Note: JM Financial Asset Reconstruction Company Limited financials in the statement of profit and loss are consolidated on line by line basis from October 1, 2016. It was an "Associate" of JM Financial Limited till September 30, 2016.

### ALTERNATIVE ASSET MANAGEMENT (PRIVATE EQUITY AND REAL ESTATE FUND MANAGEMENT)

#### Market Environment

In FY 2016-17, as per our estimate, the Private Equity (PE) investments were ₹ 86,843 crore (436 deals) as compared to ₹ 1,13,910 crore (527 deals) during FY 2015-16.

Year	Private Equity Investment (₹ in Crore)	Number of Deals	Average Deal Size (₹ in Crore)	Top Sectors where PE investments were made
2016-17	86,843	436	256	IT/ITES, Financial Services and Telecom
2015-16	1,13,910	527	284	IT/ITES, Financial Services and Real Estate

IT/ITES accounted for 32% of the total PE investments in FY 2016-17. Other sectors which witnessed high activity in terms of deal value were Financial Services and Telecom accounting for 20% each of the total PE investments.

## MANAGEMENT DISCUSSION AND ANALYSIS

Total PE exits were ₹ 39,133 Crore (97 deals) in FY 2016-17 as compared to 44,071 crore (116 deals) in FY 2015-16. Strategic and Secondary transactions for unlisted companies, and secondary market transactions for listed companies were the preferred exit routes for PE Investors.

(Source: JM Financial estimates)

### Operational Performance

JM Financial India Fund ("the Fund") is an India focused private equity fund, focused on providing growth capital to dynamic, fast growing companies in India. The Fund raised capital of ₹ 952 Crore through its domestic and offshore schemes and invested the corpus in thirteen companies across various sectors. The Fund has successfully exited from seven of its portfolio companies and has returned an aggregate of 76% of the capital contributions. As of March 2017, the Fund has entered into binding agreements for two exits – one full and one partial exit. The Fund is presently working to seek exit opportunities for the balance portfolio.

**JM Financial India Fund II** ("Fund II") is established as a trust under the Indian Trust Act, 1882 and registered with the Securities and Exchange Board of India ("SEBI"), under the SEBI (Alternative Investment Funds) Regulations, 2012 as a Category II AIF. Similar to the first Fund, Fund II is an India focused private equity fund, focused on providing growth capital to dynamic and fast growing mid-market companies in India. The Fund II has completed one investment and is actively evaluating other investment opportunities.

During the year, we hired Mr. Darius Pandole as the Chief Executive Officer for the aforesaid business. We continue to focus on exits from investments in our existing funds and are in the process of launching a new private equity fund (Fund II). The primary objective of the Fund II (sector agnostic with focus on investments in sectors such as Financial Services, Consumer, Infrastructure Services, IT/ITeS and Manufacturing) is to achieve superior risk adjusted returns, by investing growth capital in mid-market Indian companies. We believe that the mid-market opportunity is relatively less crowded, allowing for attractive investment opportunities in early stage companies that are in their first phase of expansion. We see a clear segmentation of investment strategies among peers. On one side, there are several early stage funds, primarily focused on technology investments in the sub US\$ 5 million investment size; and on the other end there are large private equity players that invest over US\$50 million, each, in growth to late stage companies who have already built significant

size. We believe that this segmentation has left the mid-market opportunity (which the Fund II is targeting) relatively less crowded, allowing for attractive investment opportunities in early to growth stage companies that are in their first phase of expansion.

**JM Financial Property Fund** ("the Property Fund") is a real estate focused private equity fund that has invested in residential, hospitality and mixed use development assets at individual project or at holding level in development companies. The Property Fund through its domestic and offshore schemes had raised total capital contribution of ₹ 401 Crore, which is fully invested. Till date the Property Fund has made an aggregate distribution of ₹ 264 Crore which is 65% of the total capital contribution in rupee terms. The Property Fund has Assets under Management (AUM) of ₹ 180 Crore as of March 31, 2017. The Property Fund continues to focus on exploring exit opportunities for its outstanding portfolio investments. During the year, the domestic scheme of the Property Fund has received consent from its investors to extend the tenure by another 2 years till March 4, 2019.

Our Alternative Asset management business may face challenges in terms of our ability to raise funds and being able to exit portfolio companies at desired valuations. Further, our portfolio investments are subject to business specific and macro-economic threats.

### Financial performance of Alternative Asset Management Business

(₹ in Crore)

Particulars	FY 2016-17	FY 2015-16
Gross Income	4.40	12.85
Profit before tax	(8.56)	4.38
Profit after tax	(8.64)	3.74
Segment Capital Employed	80.68	83.06

### ASSET MANAGEMENT (MUTUAL FUND)

We offer a wide range of investment options that cover the entire risk spectrum, catering to the diverse needs of the Institutional and the Non-institutional Investors.

The average assets under management (AAUM) of JM Financial Mutual Fund for FY 2016-17 were at ₹ 13,394 Crore with Equity AAUM around ₹ 6,620 Crore and Debt AAUM around ₹ 6,773 Crore.

Our mutual fund business continues to focus on profitable growth. We have one of the highest profitability levels in the mutual fund industry. Our PAT / AAUM ratio for FY 2016-17 stood at 0.34%.

## MANAGEMENT DISCUSSION AND ANALYSIS

The AAUM of the mutual fund industry touched an all-time high of ₹ 18.3 trillion in the quarter ended March 31, 2017. The robust performance of the industry comes on the back of growing investor awareness and increased inflows in both the equity as well as debt-oriented funds. Indian markets rallied to near recent high led by strong domestic institutional investor flows and foreign portfolio investor flows as economic fundamentals continue to remain strong. India's benchmark indices Sensex rose ~17% and NIFTY rose ~ 19% during FY 2016-17.

Our Asset Management business is subject to the macro-economic environment both in India and globally which could impact the flow of funds into the mutual fund sector. Further there are certain business challenges such as increased competition affecting market share and fees, higher commissions to distributors, regulatory changes, redemption pressures.

### Financial performance of Asset Management Business

(₹ in Crore)		
Particulars	FY 2016-17	FY 2015-16
Gross Income	89.29	85.54
Profit before tax	57.43	56.34
Profit after tax before minority interest	45.31	45.63
Profit after tax after minority interest	24.71	24.93
Segment Capital Employed	228.51	183.21

### ANALYSIS OF FINANCIAL PERFORMANCE

#### Consolidated Financial Performance

The consolidated gross income of the Company stood at ₹ 2,359.26 Crore as against ₹ 1,684.66 Crore in the previous year. Earnings before interest, depreciation and tax during the year stood at ₹ 1,777.01 Crore as against ₹ 1,225.23 Crore, in the previous year. The Profit before and after tax stood at ₹ 971.73 Crore and ₹ 470.20 Crore respectively as against the ₹ 692.85 Crore and ₹ 400.46 Crore in the previous year.

Fees and commission earned during the year were ₹ 390.79 Crore as against ₹ 315.76 Crore during the previous year, constituting 16.56% of the total revenue. Brokerage income earned during the year was ₹ 161.42 Crore as against ₹ 134.68 Crore during the previous year, constituting around 6.84% of the total revenue. Interest and other income in fund based activities continued to be a major contributor to the gross revenue at ₹ 1,600.03 Crore as against ₹ 1,044.40 Crore during the previous year, constituting around 67.82% of the total revenue. We continued enhanced focus on this segment while keeping a close watch on risk management. Revenue from treasury operations and investment income was

₹ 207.02 crore as against ₹ 189.82 Crore during the previous year, constituting around 8.78% of the total revenue.

The following table describes consolidated expenditure during the year:

(₹ in Crore)

Particulars	FY 2016-17	FY 2015-16
Employee benefits expense	305.81	263.91
Finance cost	781.96	512.09
Depreciation and amortisation expense	23.32	20.29
Other expenses	276.44	195.52
<b>TOTAL</b>	<b>1,387.53</b>	<b>991.81</b>

#### Employee Benefits Expense

The increase in employee costs by about 15.88% is mainly on account of annual compensation increase, increase in headcount and expansion of operations.

#### Finance Cost

The increase in finance cost is on account of increase in the borrowings to support fund based activities. Group borrowing stood at ₹ 10,801.61 Crore as against ₹ 6,670.74 Crore in the previous year. Group level gearing increased to 2.49x vis-a-vis 1.92x.

#### Depreciation and Amortisation Expenses

The increase in depreciation and amortisation expenses by about 14.93% is on account of normal increase in capital expenditure including new offices acquisition during the year.

#### Other Expenses

Other expenses comprise sub-brokerage, fees & commission and administrative costs. The sub-brokerage, fees & commission mainly relates to secondary market and distribution business. These expenses increased by 19.75% in the current year. Administrative costs mainly comprise establishment expenses. These expenses increased by 55.45% due to consolidation of JM Financial ARC in the current year.

## MANAGEMENT DISCUSSION AND ANALYSIS

The break-up on a consolidated basis under key segments is as under:

Segment Revenue	FY 2016-17		FY 2015-16	
	Amount (₹ In Crore)	% to total	Amount (₹ In Crore)	% to total
Investment banking and securities business	638.75	27.07%	494.69	29.36%
Fund based activities	1,625.02	68.88%	1,078.93	64.05%
Alternative asset management	4.40	0.19%	12.85	0.76%
Asset management	89.29	3.78%	85.54	5.08%
Others	213.01	9.03%	193.97	11.51%
<b>Total Segmental revenue</b>	<b>2,570.47</b>	<b>108.95%</b>	<b>1,865.98</b>	<b>110.76%</b>
Less:- Inter segmental revenue	(211.21)	(8.95%)	(181.32)	(10.76%)
<b>Total revenue</b>	<b>2,359.26</b>	<b>100.00%</b>	<b>1,684.66</b>	<b>100.00%</b>
<b>Segment Results (Profit Before Tax)</b>				
Investment banking and securities business	143.69	14.79%	79.44	11.46%
Fund based activities	778.75	80.14%	548.60	79.18%
Alternative asset management	(8.56)	(0.88%)	4.38	0.63%
Asset management	57.43	5.91%	56.34	8.13%
Others	0.42	0.04%	4.09	0.60%
<b>TOTAL RESULTS (PROFIT BEFORE TAX)</b>	<b>971.73</b>	<b>100.00%</b>	<b>692.85</b>	<b>100.00%</b>

Segment Capital Employed	(₹ in Crore)			
	March 31, 2017	% to total	March 31, 2016	% to total
Investment banking and securities business	638.84	14.73%	560.50	16.14%
Fund based activities	3,240.76	74.74%	2,558.35	73.67%
Alternative asset management	80.68	1.86%	83.06	2.39%
Asset management	228.51	5.27%	183.21	5.28%
Others	147.43	3.40%	87.64	2.52%
<b>Total Capital Employed</b>	<b>4,336.22</b>	<b>100.00%</b>	<b>3,472.76</b>	<b>100.00%</b>

Note: JM Financial Asset Reconstruction Company Limited financials in the statement of profit and loss are consolidated on line by line basis from October 1, 2016. It was an "Associate" of JM Financial Limited till September 30, 2016.

### Investment Banking and Securities Business

The investment banking and securities business registered an increase of 29.12% in its revenue over the previous year. During the year, the percentage of segment results to segment capital

employed increased to 22.49% as against 14.17% in the previous year. This segment contributed 20.28% to our consolidated profit after tax.

### Fund based activities

Fund based activities continues to be the growth engine for the Group. This segment registered a growth of 50.61% in the revenue over the previous year. Percentage of segment results to segment capital employed in this segment was 24.03% as against 21.44% in the previous year. This segment contributed 76.64% to our consolidated profit after tax.

### Alternative asset management

This segment registered revenue of ₹ 4.40 Crore during the year. JM Financial India Fund, a private equity fund and JM Financial Property Fund are working closely with their portfolio companies in helping them grow their businesses as well as to seek exit opportunities. The reduction in the revenue is on account of reduced management fee which is attributable to the exits made by the Funds. This trend will continue in respect of these Funds except in case there is earning in the nature of carry on completion of all exits.

### Asset management

The asset management business registered a growth of 4.38% in the revenue over the previous year. During the year, the percentage of segment results to segment capital employed in the segment was 25.13% as against 30.75% in the previous year. This segment contributed 5.26% to our consolidated profit after tax. Our focus on our marquee products and consistent approach to fund management helped us achieve much better results in this segment.

### Standalone Financial Performance

On a standalone basis, the Company earned a gross income of ₹ 162.95 Crore during the year as against ₹ 157.77 Crore in the previous year. The gross income includes ₹ 114.11 Crore on account of dividend received from subsidiaries as against ₹ 113.56 Crore in the previous year. The profit before tax stood at ₹ 106.93 Crore as against ₹ 112.11 Crore in the previous year and the profit after tax stood at ₹ 106.72 Crore as against ₹ 112.25 Crore in the previous year.

### RESOURCE MOBILISATION

The Consolidated debt outstanding at the year ended FY 2016-17 stood at ₹ 10,801.61 Crore versus ₹ 6,670.74 Crore a year earlier (an increase of ₹ 4,130.87 Crore).



## MANAGEMENT DISCUSSION AND ANALYSIS

As on March 31, 2017, long-term borrowing (including current maturities of long term borrowings) stood at ₹ 5,423.44 Crore. The group has availed long-term secured loans from banks primarily to fund the medium to long-term requirements of its lending business. These loans are mainly secured against receivables.

At the group level, the share of short term in total borrowing stood at 49.79% as on March 31, 2017 as compared to 57.66% as on March 31, 2016. Major component of the group's short-term borrowing in the form of unsecured loans as on March 31, 2017 stood at ₹ 5,027.44 Crore compared to ₹ 3,206.90 Crore as at the previous year end.

The group continues to explore variety of new avenues of financing to further diversify its borrowing profile.

### RISKS AND CONCERNS

Risk is an integral part of the business and we aim at delivering superior shareholder value by achieving an appropriate balance between risks and returns. Today financial services companies operate in increasingly complex, competitive and continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent regulatory framework. The ability to manage risks across geographies, products, asset classes, customer segments and functional departments is of paramount importance for the hindrance free growth of the organisation.

The Company, being a holding company with no operating business on a standalone basis derives its income mainly from dividend, interest and capital gains and hence is not directly exposed to many risks. The risk for the Company emanates from the risks associated with the businesses of various operating entities within the group.

At JM Financial, the risk is managed through risk management architecture as well as through policies and processes approved by the Board of Directors and the Firm Management, encompassing independent identification, measurement and management of risk across various businesses of the Group. We have formulated comprehensive risk management policies and processes to identify, evaluate and manage the risks that are encountered during conduct of business activities in an effective manner.

The Group's business is exposed to many internal and external risks. A team of experienced and competent professionals at business level as well as group level identify and monitor these risks on an ongoing basis and evolve processes/systems to monitor and control the same to keep the risks to minimum levels. Ongoing monitoring by our officials helps in identifying risks early. There is a continuous focus on the maker-checker and sponsorship processes. Detailed regulatory prescription as well as regular inspections also helps test our processes and compliances.

A risk event update report is periodically placed before the Board of Directors of the Company. Reports cover inter alia, the risk identification, risk classification, assessment of impact, risk mitigation/remedial action and risk status. The Directors review these reports and the course of action taken or to be taken to manage and mitigate the risks. Additionally, independent Internal Audit firms, not from within the JM Financial Group, have been appointed to review and report on the business processes and policies in all operating companies of the Group. The report of internal auditors is reviewed and discussed by the Audit Committee of the respective operating companies including the Company to review compliance with the set processes and any risk events.

The risks associated with the businesses of various companies within the group and management are discussed in detail below:

Key Risk	Description/Impact of Risk	Risk Mitigation
Credit Risk	<p>The risk associated with the failure of the borrower to meet financial obligations to the lender in accordance with the agreed terms is known as Credit Risk. It is the risk that any of our borrowers will fail to discharge their obligation to us and cause us a financial loss.</p> <p>We are in the business of lending against mortgages and providing securities backed loans. Any material unexpected credit losses or failure of the borrowers to repay debt on time, may have an adverse and negative effect on our business.</p>	<p>An effective credit approval and review process by the senior most team, extensive credit appraisal, proper documentation, periodic reviews, etc. is conducted in order to mitigate the credit risk. Various norms have been stipulated for proper customer identification and proper procedures being followed for evaluation of the prospective credit proposals.</p> <p>Regular portfolio risk analysis is done on various financial and policy parameters for making required changes in the existing policy. Deep insight about the borrower's nature will reduce the risk of default significantly.</p>



# MANAGEMENT DISCUSSION AND ANALYSIS

Key Risk	Description/Impact of Risk	Risk Mitigation
Market Risk	<p>The risk that the value of portfolio of investment in securities will fall due to market movements or fluctuations in interest rates, foreign exchange rates, equity, commodity prices, etc. is identified as Market Risk.</p> <p>As a part of its operations, the Group makes investments in securities and other financial instruments from time to time. We are exposed to potential changes in the value of financial instruments held by us caused by above factors. Any decline in the price of our investments in quoted securities may affect our financial performance and position.</p>	Our portfolios and collaterals/ securities are continuously monitored and also the usage of derivative instruments as a hedging mechanism minimises the impact of market risk.
Liquidity Risk	<p>The risk associated with difficulty in raising the funds at short notice by selling our assets or borrowing from the market is recognised as Liquidity Risk. It also refers to the risk that arises from the difficulty of selling an asset without a high impact cost.</p> <p>We access public funds for our businesses. Our liquidity shall be affected due to severe liquidity crunch in the market or due to market disruptions where we cannot access public funds. Our clients may, due to certain circumstances not honour their commitments which would indirectly lead to our inability to meet the obligations.</p>	We have a strong financial position and all our businesses are adequately capitalized, have good credit rating and appropriate credit lines available to address liquidity risks. We also maintain a part of our capital in liquid assets to manage any sudden liquidity needs.
Operational Risk	<p>The risks arising due to inadequate control or insufficient check of the controls in the internal processes, people and systems or from the external factors or a combination of internal as well as external factors is known as Operational Risk.</p> <p>Our businesses are dependent on people and processes. Shortcomings or failure in internal processes or systems may have material adverse impact on the financial position as well as affect its operation.</p>	<p>Well defined policies, operational processes and systems have been devised for operations. Regular audit are done by internal auditors to monitor the adherence of policies and processes. We also get systems audit carried out periodically by competent external audit firms.</p> <p>Maker/Checker mechanism has been put in place to ensure compliance with laid down systems and procedures in all areas of functioning of the Company.</p> <p>Also the Company's key management team consists of professionals of high level of commitment and the team is well versed in the key issues relevant to the holding company structure. They have a good understanding of all the group's businesses helping the group companies to grow in a compliant manner.</p>
Reputation Risk	<p>Reputation Risk is the current or prospective risk to business, earnings and capital arising from adverse perception of the organisation on the part of customers, counterparties, shareholders, investors or regulators.</p> <p>Reputation risk is a very high risk and can cause long term and sometime irreparable loss of business/ revenue.</p>	<p>We conduct our business with diligence keeping in mind the stakeholders and their needs.</p> <p>Adequate training is provided to employees to conduct their activities with utmost care and diligence keeping in mind the first class reputation and status enjoyed by the Company.</p>
Regulatory and Compliance Risk	<p>The risk arising out of a change in laws and regulation governing our business. It could also arise on account of inadequate addressal of regulatory requirements or differences in interpretation of regulations vis-à-vis the regulators. This risk is heightened in setting up global offices as familiarisation with global regulations and practices can take time as well as lead to risk of inadequate understanding.</p> <p>In recent times, these risks have spread to tax laws and unexpected demands being raised by various tax authorities.</p> <p>New laws or regulations or changes in the enforcement of existing laws and regulations may adversely affect the business/revenue/profits.</p> <p>Non-compliance with regulations may invite strictures, penalties and even punitive action from the Regulators.</p>	<p>We have a team of experienced professionals reporting to Group Head – Compliance, Legal &amp; Company Secretary which takes care of compliance with applicable laws, rules, regulations and guidelines affecting our businesses.</p> <p>We also take external advice and appoint well qualified professionals in respective functions in various offices. All the new guidelines, circulars, notifications are complied with. Formulation of the policies as well as its implementation is taken due care of.</p> <p>Internal audit is carried out by external professional firms to monitor compliance with best practices, approved policies and applicable regulations.</p> <p>Our business team is strongly supported by our Corporate Functions team to quickly calibrate our actions in event of change in regulatory environment.</p>

# MANAGEMENT DISCUSSION AND ANALYSIS

Key Risk	Description/Impact of Risk	Risk Mitigation
Competition Risk	The industry in which the Company operates is growing at a rapid pace and is exposed to tremendous competition at the national as well as international level. Strong growth prospects combined with liberalization of financial services sector have prompted the entry of newer foreign and domestic financial services companies. Entry of new players has increased the competition faced by us. It may also lead to attrition of our key personnel.	Diversified and innovative product and services are offered to keep the customers and other stakeholders intact as well as continuous research and development helps in mitigating the competition risk. Fair and transparent practices helps the entity gain competitive advantage over other entities. Our human resource policies and a healthy positive work environment help us attract and retain best talent on a continuous basis.
Business Continuity Risk	In the event of disruption in the conduct of business due to incidents like fire, natural calamity, breakdown of infrastructure, acts of terrorism etc. we are exposed to the risk of loss of data, clients and/or business that can adversely affect our financial results.	We have in place Business Continuity Plan (BCP) to mitigate the impact of any such exigencies. We continuously test check the processes laid out under the BCP and review the same. The records with respect to confidential data are preserved and are secured.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

We have adequate internal control systems to commensurate with the nature of business and size of operations for ensuring:

- orderly and efficient conduct of business, including adherence to company's policies and procedures;
- safeguarding of all our assets against loss from unauthorised use or disposal;
- prevention and detection of frauds and errors;
- accuracy and completeness of accounting records;
- timely preparation of reliable financial information; and
- compliance with applicable laws and regulations.

Policies, guidelines and procedures are in place to ensure that all transactions are authorised, recorded and reported correctly as well as provides for adequate checks and balances.

Adherence to these processes is ensured through frequent internal audits. The internal control system is supplemented by an extensive program of internal audit and reviews by the senior management. We have appointed independent internal audit firms for the Company and all our operating subsidiary companies to assess and improve the effectiveness of risk management, control and operations and processes. Internal audit team is empowered to examine the adequacy of and compliance with policies, plans and statutory requirements. To ensure independence, the internal audit function has a reporting line to the Audit Committee of the Board.

The senior management regularly reviews the findings and recommendations of internal auditors so as to continuously monitor and improve internal controls to match the organisation's pace of growth and increasing complexity of operations as well as to meet the changes in statutory and accounting requirements.

The Audit Committee of the Board of respective companies reviews the performance of the audit and the adequacy of internal control systems and compliance with regulatory guidelines. Significant deviations are brought to the notice of the Audit Committee of the Board of the respective companies and corrective measures are recommended for implementation. The Audit Committee of Board provides necessary oversight and directions to the internal audit function and periodically reviews the findings and ensures corrective measures are taken. This system enables us to achieve efficiency and effectiveness of operations, reliability and completeness of financial and management information and compliance with applicable laws and regulations.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

At JM Financial, we have a strong desire to build the capabilities of disadvantaged and vulnerable sections of our society, in an attempt to enable a healthier ecosystem. It is our endeavour to reach out to the most unreached geographies and communities, building their capacities and aspirations for a better quality of life.

JM Financial Foundation and Kampani Charitable Trust – our two philanthropic arms, have been working for decades, to be the catalyst between the most underserved communities and grassroots partners. Our CSR Policy, composed and adopted by all companies in the JM Financial Group, including JM Financial Limited, lists our two philanthropic arms as the entities through

## MANAGEMENT DISCUSSION AND ANALYSIS

which our CSR initiatives, budget allocations and expenditure can be implemented and monitored.

In line with our mission and CSR Policy, the CSR Committees of the JM Financial Group entities have approved and contributed a total amount of ₹ 11.41 Crore (₹ 7.77 Crore in FY 2015-16) to JM Financial Foundation and Kampani Charitable Trust to be allocated for CSR initiatives as approved by the respective CSR Committees.

During the year, JM Financial has widened its horizon to venture into some of the poorest regions of the country, and has mapped community needs to be addressed through long-term CSR projects in form of integrated rural transformation programme in Bihar, Jharkhand, Gujarat, Maharashtra and Madhya Pradesh.

In the state of Bihar, we have taken our first steps at holistic community development in Sikandra block, Jamui district, by way of addressing children's nutrition and foundational education through pre-school learning centres. Our intervention aims at gradually addressing components of livestock management, women micro-enterprises, alternate agriculture practices and skill development. As a pilot, such holistic development will be undertaken intensively in 10 villages of the block, and scaled up to the rest of the block, on the basis of our success in each of the interventions.

In the state of Jharkhand, we have planned and initiated a long-term intervention with mother and child care by strengthening First Referral Unit (FRU) in Dumri Block of Giridih district. Along with this, we have initiated program for Mobile health unit in Pritand Block of Giridih district.

In the state of Madhya Pradesh, realizing the gap of residential facilities for 75 students in a low-income group school in Ujjain district, we have committed infrastructure support to build a residential facility with a capacity of 120 students. This will enable better living conditions and enhanced learning.

In the state of Gujarat, we aim to initiate sustainable programmes in rural Bhavnagar, while complimenting and supplementing Government of Gujarat's interventions.

The details of the funds committed and utilized are provided in Annexure IV to the Directors' Report for this year.

### ONGOING GIVING AND SUPPORT ACTIVITIES BY JM FINANCIAL FOUNDATION AND KAMPANI CHARITABLE TRUST

Concomitant with our commitment to socially relevant giving, we have continued our support towards building capacities of the lesser privileged communities in the areas of quality education, healthcare services, skill development, animal care and water conservation. Some of our ongoing activities are presented below:

#### 1. Giving and charity

##### Education

We support annual scholarships of girl children, thereby helping prevent potential drop outs. We partner with credible professionals to ensure that inclusive education is being imparted to children with developmental & intellectual disabilities.

##### Healthcare

Preventive and curative healthcare services are provided through health camps in rural areas. We have been extending medical aid to differently abled children suffering from fatal diseases on an ongoing basis. We are committed to support individuals with developmental and intellectual disabilities by way of therapy and mainstreaming.

##### Animal care

In partnership with a renowned organization we continue to support the cause of conserving and protecting snow leopards in their habitat and ensure that communities live in harmony with nature.

##### Sports Promotion

We have partnered with a premier institution to train athletes in various fields and represent India in the Olympics.

#### Impact of our programs

Area of work	Outreach
Education	Over 1700 children
Healthcare	About 7500 beneficiaries
Developmental disability	Over 3000 individuals
Sports Promotion	Over 50 athletes
Animal conservation	350 rural inhabitants

#### 2. Capacity Building

Ashoka University International Foundation for Research & Education (IFRE) is a non-profit company registered under Section 25 of the Companies Act, 1956. The primary objective

## MANAGEMENT DISCUSSION AND ANALYSIS

of IFRE is the promotion of education by establishing schools, colleges, and education along with research centres for the upliftment of society, not with the motive of profit. IFRE commenced operations in 2008 and in 2011 launched its one year Post Graduate Program, more popularly known as the Young India Fellowship Program (YIP). IFRE is the sponsor body that set up Ashoka University, which is an independent non-profit private university under the Haryana Private Universities Act, 2006, that is engaged in providing Bachelors, Masters and Post Graduate education to students. The University is one of the most valuable educational initiative to bring about liberal arts as a learning process for youth worldwide.

### 3. Water Conservation and Drought Rehabilitation

We partnered with a grassroot level organization for watershed conservation and management in drought-hit villages in Maharashtra. De-silting of broad canals and building water bodies has resulted in increased water storage and groundwater level. A total of 48 villages in Ambejogai taluka, Beed district have benefited from the project. Our employees have visited the villages and have interacted with the impacted beneficiaries to understand the change in availability of water post our intervention. Our efforts have not only been impactful but also sustainable.

### 4. Vocational Skills Development

We support a vocational skills training program in rural areas by way of Mobile Livelihood Development centres (MLDC's). The objective is to enhance skills and create gainful employment amongst youth. 1600 youth were trained in seven belts spread across India.

### 5. Environment Education

We attempted to create awareness and care amongst municipal school-going children for nature conservation. Having partnered with a premier institute, we facilitated nature trails for municipal school children in midst of forest areas in Mumbai. These children in the early years of life are exposed to rich biodiversity and guided by the institute to learn the basics of environment conservation and sustainability.

### 6. Employees Volunteering

Project Dristi – Used magazines from our offices are collected and sent to a school for the blind and the paper from these magazines is used for preparing reading and learning material in Braille.

Sparsh - Employees help the lesser privileged elderly members of society through the 'SPONSOR A GRAN' program of HelpAge India, and mentor municipal school children on a weekly basis.

Joy of Giving - JM Financial celebrates the 'Daan Utsaav Week' every year by way of blood donation camps, sale of products made by paraplegics and donations of clothes, stationery and household items. The beneficiaries are from lesser privileged section of our society.

### 7. Walkathon

The Walkathon is one of the key annual initiatives of the JM Financial foundations. Initiated in the year 2002, JM Financial Walkathon is a 6 km walk along the picturesque Marine Drive sea-front in Mumbai. Every year, our employees, along with their friends and families as well as clients, actively participate and strive to put in maximum efforts to give back to society. This year, the Walkathon was held on Sunday – February 12, 2017. The funds raised from the Walkathon will be utilised towards various initiatives through the year, which focus on the betterment of various segments of the communities.

## HUMAN RESOURCES

At JM Financial, talent is our most valuable asset and we believe that the ultimate identity and success of our Firm lies in the excellent quality of our people and their commitment towards attaining our Organizational goal.

Human Resources function is responsible for building the Group Human Resources strategy and is supporting all our businesses by delivering best in class Human Resources partnership. Human Resources Business Partners are responsible for individual business units and support employee engagement, resourcing, data analysis, employee relations & guidance, performance management, compensation & benefits and learning & development effort for the particular business.

Human Resources team's broad range of activities includes:

- Talent Management
- Employee engagement
- Performance Management

## MANAGEMENT DISCUSSION AND ANALYSIS

- Learning & Development
- Compensation and benefits
- Succession planning
- Rewards & Recognition
- Workforce diversity

### Talent Management

Building and developing our talent pool is our continuous and top priority and we have been successful in attracting diverse talent with sound expertise, new perspectives and experience. JM Financial has a strong brand presence in the market and our empanelled service partners help us study, survey and attract superior talent in the market.

### Employee Engagement

#### A) Off-sites:

Off-sites provide a platform for each business to focus on business strategy for the coming year, team building to reinforce inter-team functionalities and allow open forum interaction with senior management. Human Resources plays a key role in organizing off-sites for different businesses and ensures that adequate sessions are organized for knowledge sharing and ideation.

#### B) Culture Club:

With an endeavour to foster & develop the JM Financial culture we have set up JM Financial culture club. The objective is to achieve high level of engagement amongst our employees through extra-curricular activities. We aim to have an environment where employees feel connected and in tune with the organization's culture by encouraging communication and creating a bond with their colleagues. We have been successful in initiating three culture clubs: Music Club, Photography Club & Yoga Club.

#### C) Celebrations:

At JM Financial, we firmly believe that celebration is a part of our work culture. Several occasions are celebrated, including Women's Day, Independence Day, Diwali, Christmas, Navratri or employees' birthdays. Festivals bring employees closer and help improve work relationships. Celebrations provide a well-deserved break and help employees to remain engaged.

#### D) Sports Center

We have set up JM Financial Sports Center with the objective of creating a platform for employees to get-together and enjoy various sporting activities, foster a habit of team-work and healthy competition by using sports as a medium, promote a healthy work-life balance and an opportunity to de-stress by engaging in sports. We participated in some exciting sports events. Our Men's and Women's soccer teams participated in inter-corporate events like – Saran Corporate Soccer 5s 2016 and Inbox Football League 2016. JM Financial Cricket Championship 2016–17 was a huge success & saw participation from 17 teams from within our businesses.

This year a new sport was introduced Group-wide, JM Financial Football Championship 2017 which saw participation from 12 teams from within our businesses.

#### E) Vendor Helpdesk Activities:

We also have vendors setting up kiosks / helpdesks offering special packages / plans to JM Financial employees.

### Performance Management

We follow a comprehensive performance evaluation process for annual reviews. Employees across levels benefit from the development oriented approach of this system. This practice helps us to identify the capabilities of the employees and leverage on the same. It also helps us to structure and impart training in the identified areas for the employees.

### Learning & Development

We have an environment supporting continuous learning which we have enabled through various forums, databases and online resources. Through internal and external resources, employees are given opportunities to develop their skills and this includes various behavioural and technical trainings.

### Compensation and benefits

JM Financial's compensation framework is structured to align the interests of our employees with the long-term interests of the Firm and its other stakeholders. Our compensation framework is designed to retain & motivate our human capital, reward them for their performance and attract superior talent from the industry. JM Financial also offers various benefits designed to meet the needs of our employees. These benefits are an integral part of our company and provide employees and their families' valuable support during employment with JM Financial.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Succession Planning

At JM Financial, we promote an atmosphere of inclusion by encouraging the next level of employees to take higher responsibilities. Managers along with HR formulate a customized grooming and orientation of high potentials by carefully planning their work experiences. Their skills and capabilities are developed through further training and mentoring.

### Rewards & Recognition

At JM Financial, we pride ourselves in our people and their achievements. It is therefore important to us that we recognize their hard work, dedication and commitment. Our Rewards and Recognition program provides a framework for encouraging and recognizing long service and exemplary performance of our employees. The organization has an annual Reward and Recognition Program which appreciates and recognizes talent, silent yet valuable efforts and initiatives. The reward is non-monetary in nature.

### Workforce diversity

We have employees from extremely diverse backgrounds in terms of experience, culture and heritage. This goes a long way in building our inclusive culture as people from different background bring with them fresh ideas and innovations, unique styles and methods.

### Campus Hiring

HR has instituted the Management Analyst (MA) program for the Group. The program focuses on building a strong pool of professional talent, whose competencies are further developed by a 9 months orientation and rotation with various businesses. The batch of 2016-17 comprised of Chartered Accountants, management graduates from premier schools of Business and Economics professionals.

### Engagement Surveys

#### ➤ Great Place to Work

The Great Place to Work Institute, India has recognized JM Financial Group with the following awards:

*JM Financial Asset Management Limited - Ranked among Top 100 in "India's Best Companies To Work For 2016".*

*JM Financial Services Limited - Ranked one of the best in the Investments Industry in "India's Best Companies To Work For 2016".*

#### ➤ CFBP Awards

Employees from JM Financial participated in Council for Fair Business Practices where they presented the business practises followed at JM Financial and received a "Certificate of Merit".

Promoting internal mobility, recruiting talent, encouraging sustained employee development, offering competitive compensation and engaging work environment are all factors that make JM Financial a sought after employer.

The total employee strength of JM Financial Group stood at 1,311 as on March 31, 2017.

### SAFE HARBOUR

This report describing our activities, projections and expectations for the future, may contain certain 'forward looking statements' within the meaning of applicable laws and regulations. The actual results of business may differ materially from those expressed or implied due to various risk factors and uncertainties. These risk factors and uncertainties include the effect of domestic as well as global economic and political events, volatility in interest rates and in the securities market, new regulations and government policies that may impact our businesses as well as ability to implement our strategies. We are under no obligation to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events and assume no liability for any action taken by anyone on the basis of any information contained herein.



# REPORT ON CORPORATE GOVERNANCE

## 1. CORPORATE GOVERNANCE

Corporate Governance is a process of maximising stakeholders' value on a sustainable basis through ethically driven business processes. Integrity, transparency, independence, accountability, trusteeship and business ethics are the foundations to the philosophy of Corporate Governance. It essentially involves balancing the interests of all stakeholders' viz., shareholders, creditors, employees, customers, suppliers, financiers, management, government and the community.

## 2. PHILOSOPHY OF JM FINANCIAL ON CORPORATE GOVERNANCE

Corporate Governance has always been an integral practice at JM Financial in conducting its business for more than four decades. Our actions are governed by our values and principles, viz., Integrity, Teamwork, Client Focus, Innovation, Implementation, Performance and Partnership which are reinforced at all levels across the group. It is embedded in our day-to-day business practices and the manner in which every individual working in all the companies across the group conducts himself/herself. Demonstrating high level of accountability, maintaining high standards of transparency, timely disclosure and dissemination of price sensitive information, ensuring meticulous compliance with applicable acts, laws, rules and regulations and conducting business in the best ethical manner is part of our core value system.

We are committed to enhancing long-term stakeholders' value and retaining investors' trust and confidence while always seeking to ensure that our performance goals are met with integrity by doing things the right way which means taking business decisions and acting in a way that is ethical, in the interest of our stakeholders and in compliance with applicable legislations. We conduct our business in accordance with prevailing statutes and regulations, with due focus on transparent and fair practices, efficiency, customer-orientation and corporate governance principles. Our values reflect our continued commitment to ethical, transparent and fair business practices across our business operations.

We are committed to follow the prescribed corporate governance practices embodied in various legislations viz., Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 (hereinafter referred to as "the Listing Regulations"), the Companies Act, 2013 (hereinafter referred to as 'the Act') and other applicable rules & regulations. We also constantly strive to adopt emerging best practices. It is our constant endeavor to provide the stakeholders' oversight for strategy implementation, risk management and fulfilment of stated goals and objectives.

In accordance with the corporate governance provisions prescribed under the Listing Regulations, we are providing the following disclosures:

## 3. BOARD OF DIRECTORS

The Board of Directors of the Company chaired by Mr. Nimesh Kampani comprises eminent persons with high credentials of considerable professional experience and expertise in diverse fields. The Directors provide strategic guidance, support effective leadership and independent views to the management, thereby assisting them to adhere to high standards of ethics, transparency and disclosures even as they pursue high targets of business performance.

### A. COMPOSITION OF THE BOARD

The Company's Board consists of eight Directors, of which six are Independent Directors, one Non-executive Director, who is also the Chairman of the Board and one Executive Director. The Woman Director on our Board is an Independent Director. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act.

The Independent Directors have confirmed to the Board that they meet the criteria of independence as specified under Section 149(6) of the Act and that they qualify to be Independent Directors pursuant to Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014. They have further confirmed to the Board that they meet the required criteria for being the Independent Directors as outlined under Regulation 16(1)(b) of the Listing Regulations.

Mr. Vishal Kampani, Managing Director is a relative of Mr. Nimesh Kampani, who is the Non-Executive Chairman of the Company. Save and except this, none of the Directors of the Company is related to any other Director.

# REPORT ON CORPORATE GOVERNANCE

None of the Directors of the Company hold directorships in more than twenty companies including in more than ten public companies. In accordance with the Listing Regulations, all the Directors of the Company meet the requirement of not holding directorships in more than seven equity listed companies. Our Managing Director does not hold directorships of more than three equity listed companies. Also, none of our Directors is serving as a member of more than ten committees or chairman of more than five committees. Necessary disclosures regarding committee positions in other public companies as at the end of financial year have been made by the Directors.

As confirmed by the Independent Directors, they did not have any material pecuniary relationship with the Company during the financial year 2016-17. The sitting fees paid to them for attending the meetings

of the Board and its Committee(s), the commission paid/payable to them and the professional fees, if any, paid during the year are not considered as material pecuniary relationship in accordance with the relevant provisions of the Act/Listing Regulations.

## B. MEMBERSHIPS OF OTHER BOARDS

The information relating to the number of other directorships and committee chairmanships/ memberships held by the directors in other public companies as on March 31, 2017 is given below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8/Section 25 of the Act/Companies Act, 1956. The information pertaining to the chairmanships/ memberships of board committees held by the directors only includes audit committee and stakeholders' relationship committee as is required under the applicable regulations.

Name of the Director	Category	Number of directorships in other public companies		Number of committee positions held in other public companies		No. of shares held in JM Financial Limited
		Listed	Unlisted	Chairman	Member	
Mr. Nimesh Kampani	Non-Executive Chairman	4	3	1	5	13,53,57,500*
Mr. E A Kshirsagar	Independent Director	3	1	1	3	None
Mr. Darius E Udawadia	Independent Director	4	3	1	6	None
Mr. Paul Zuckerman	Independent Director	-	1	-	1	None
Dr. Vijay Kelkar	Independent Director	3	2	1	3	None
Mr. Keki Dadiseth	Independent Director	5	2	3	5	None
Ms. Jagi Mangat Panda	Independent Director	1	3	1	1	None
Mr. Vishal Kampani	Managing Director	-	6	-	1	1,02,63,647

\* Includes 12,50,000 Equity Shares held by Nimesh Kampani HUF.

## C. BOARD MEETINGS

The Board meetings are held at regular intervals to consider, discuss and approve inter alia, the unaudited and audited standalone and consolidated financial results of the Company, strategy and policy, risk management, competitive scenario, etc. The tentative dates of Board/Committee meetings are normally finalised at the beginning of the calendar year and the schedule thereof is made known to the Directors in advance to enable them to plan their availability. Those Board members, who wish to attend the meetings through video conference, are provided with the appropriate facility to do so.

The Board meetings are generally held at the registered office of the Company. Six Board meetings were held during the financial year 2016-17; on May 13, 2016, August 2, 2016, September 23, 2016, October 28, 2016, December 20, 2016 and January 23, 2017. The meetings were held at least once in a quarter and the time period between the two meetings did not exceed 120 days. The required quorum was present at all the above meetings. The details of attendance of the Directors at the Board meetings and the last Annual General Meeting are given below:

## REPORT ON CORPORATE GOVERNANCE

Name of the Director	No. of Board meetings held	No. of Board meetings attended	Attendance at the previous Annual General Meeting
Mr. Nimesh Kampani	6	6	Yes
Mr. E A Kshirsagar	6	6	Yes
Mr. Darius E Udawadia	6	6	Yes
Mr. Paul Zuckerman	6	4	No
Dr. Vijay Kelkar	6	3	Yes
Mr. Keki Dadiseth	6	5	Yes
Ms. Jagi Mangat Panda	6	4	Yes
Mr. Vishal Kampani	6	6	Yes

### D. BOARD PROCEDURE

The Board is provided with the relevant information as stipulated under Listing Regulations viz., quarterly/ half yearly unaudited financial results and the audited annual statement of accounts, corporate strategy, annual budget and capital expenditure details. The members of the Board have access to the management and the information about the Company.

The agenda items for Board/Committee meeting(s) are finalised by the Company Secretary in consultation with the Chairman. The detailed agenda, setting out the business to be transacted at the board/committee meeting(s) supported with relevant presentations, explanatory notes and executive summaries is sent to each Director at least seven days before the date of the meeting(s). With the objective of promoting green initiative and to do away with circulation of large number of physical papers, the Company has implemented e-meeting solution for conducting paperless board and committee meetings. Soft copy of all the agenda papers for the board and committee meetings is uploaded on the e-meeting portal in a secured manner for quick and easy access by the Directors. All the Directors and senior management personnel have been provided with iPads to access the soft copy of the agenda papers for board and committee meetings electronically.

With regard to matters requiring the approval of the Board, all the concerned persons communicate with the Company Secretary in advance to enable inclusion of such matters in the agenda for the Board meetings. Where it is not practicable to circulate any document or if the agenda item is of confidential nature, the same is sent separately or tabled at the meeting, as the case may be. In special and exceptional circumstances, consideration of additional or supplementary items is

taken up with the permission of the Chairman and the consent of all the Directors present at the meeting. The senior officials of the Group are invited to the Board meetings in respect of the items concerning them to provide additional inputs as and when necessary.

At the Board meetings, presentations are made by the Senior Management and CEOs/ Business Heads of the operating subsidiaries/associate, inter alia, covering the plans, performance, operations, financial performance, risk management, regulatory environment and for other issues and matters which the Board wants to be apprised of on a periodic basis. The Board members interact with the CEOs of various operating subsidiary companies frequently both at the meetings and outside the meetings.

The Board periodically reviews and takes note of, inter alia, the compliance confirmations in respect of laws applicable to the Company. The compliance confirmations placed before the boards of respective subsidiaries/associate companies including the summary thereof are also placed before the Board of the Company for its noting. Additionally, the annual operating and capital expenditure plans and budgets, unaudited/audited financial results, minutes of the board meetings of the unlisted subsidiaries including the summary of the key decisions taken by their respective boards, significant transactions and arrangements entered into by the unlisted subsidiary companies, risk management update/report, minutes of meetings of the committees of the board, etc. are placed before the Board.

The draft minutes of the Board meetings are circulated amongst the Directors for their perusal and comments. Suggestions, if any, received from the Directors

## REPORT ON CORPORATE GOVERNANCE

are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board. Minutes are signed by the Chairman of the Board at the next meeting.

The Company has an effective post meeting follow-up, review and reporting process for implementation of the decisions taken by the Board and the Committees thereof. Important decisions taken at the Board/Committee meetings are communicated to the concerned departments and persons promptly. Status of the decisions/minutes of the previous meetings is placed at the succeeding meetings of the Board/Committee for noting.

The Company has in place mechanism to inform Board members and periodically review at Board meetings risk assessment and risk management processes. The framework comprises an in-house exercise on risk management review, carried out periodically by the Company to identify and mitigate various risks faced by the Group on a day to day basis. A detailed note on risk management process is given in the risk management section of Management Discussion and Analysis report.

### **E. MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors met on December 20, 2016 without the presence of the Non-Executive Chairman, the Managing Director and the senior management team of the Company. The meeting was attended by all the Independent Directors. The matters considered and discussed thereat, inter alia, include those prescribed under Schedule IV to the Act and Regulation 25 of the Listing Regulations.

### **F. FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS**

The Company has in place the familiarisation program for Independent Directors appointed from time to time. The Program aims to provide insights into the Company to enable the Independent Directors to understand the Company's functioning in depth, familiarise them with the processes of the Company and to assist them in performing their role as Independent Directors. The CEOs of the respective subsidiaries/associate make

presentations at the Board meetings on periodical basis on the businesses carried on by the subsidiary/associate companies to familiarise the Independent Directors about the same. Also, presentations on risk management, update on regulatory changes and preparedness for implementation of IndAS were made to the Board including the Independent Directors to keep them familiarised with these matters. During the financial year, no new Independent Director was inducted.

The Company's Policy of conducting the Familiarisation Program and details of such familiarisation program is hosted on its website at [www.jmfl.com](http://www.jmfl.com).

### **G. CODE OF CONDUCT**

The Company has adopted the Code of Conduct ("Code") which applies to all the Board members and the Senior Management Personnel. It is the responsibility of all Board members and Senior Management Personnel to familiarise themselves with Code and comply with its provisions. The Code has been circulated to all the members of the Board and Senior Management Personnel and they have confirmed compliance with the Code. The declaration signed by the Managing Director to this effect is given below.

### **H. DECLARATION**

I confirm that the Company has obtained the confirmation from all its Directors and Senior Management Personnel that they have complied with the provisions of the Code of Conduct for the financial year 2016-17.

Place: Mumbai  
Date: May 2, 2017

**Vishal Kampani**  
Managing Director

## **4. COMMITTEES OF THE BOARD**

The Board has constituted various Committees to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference.

The Company has following Committees of the Board. Specific terms of reference have been laid out for each of these Committees and reviewed annually.

# REPORT ON CORPORATE GOVERNANCE

Board Constituted Committees as on March 31, 2017

Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	Stakeholders' Relationship Committee	Allotment Committee
<b>Members</b> Mr. E A Kshirsagar (Chairman) Dr. Vijay Kelkar Mr. Paul Zuckerman Mr. Darius E Udwadia	<b>Members</b> Dr. Vijay Kelkar (Chairman) Mr. Darius E Udwadia Mr. E A Kshirsagar Mr. Nimesh Kampani	<b>Members</b> Mr. Nimesh Kampani (Chairman) Mr. Paul Zuckerman Mr. Keki Dadiseth	<b>Members</b> Dr. Vijay Kelkar (Chairman) Mr. Nimesh Kampani	<b>Members</b> Mr. Nimesh Kampani (Chairman) Mr. Darius E Udwadia

## A. AUDIT COMMITTEE

### Composition

As shown in the above table, the Audit Committee consists of Non-executive Directors, all of whom are Independent Directors viz., Mr. E A Kshirsagar, Dr. Vijay Kelkar, Mr. Paul Zuckerman and Mr. Darius E Udwadia. Mr. E A Kshirsagar, a qualified Chartered Accountant, is the Chairman of the Committee. Mr. Darius E Udwadia was appointed as a member of the Committee with effect from September 23, 2016. All members are financially literate and very learned, experienced and well known in their respective fields. The Company Secretary acts as the Secretary to the Committee. The Chief Financial Officer, Internal Auditors and the Statutory Auditors are invited to attend the meetings of the Committee. The minutes of each Audit Committee meeting are circulated amongst the members for their approval. The minutes as approved by the members are signed by the Chairman at the next meeting of the Committee.

Mr. Kshirsagar, the Chairman of the Committee, was present at the last Annual General Meeting held on August 2, 2016.

### Scope and Function

The broad terms of reference of the Audit Committee, inter alia, include:

- Oversight of the Company's financial reporting process and the disclosure of its financial

information to ensure that the financial statements are correct, sufficient and credible;

- Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval for all payments to the statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement forming part of the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;

## REPORT ON CORPORATE GOVERNANCE

- v. Compliance with listing and other legal requirements relating to financial statements;
- vi. Disclosure of any related party transactions;
- vii. Qualifications, if any, in the draft audit report.
- f. Reviewing, with the management, the quarterly financial statements before submission to the Board for its approval;
- g. Approval or any subsequent modification of transactions of the Company with its related parties;
- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the Company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- l. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- m. Discussion with internal auditors of any significant findings and follow up thereon;
- n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- o. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors as is applicable;
- q. To review the functioning of the Whistle Blower mechanism;
- r. Approval for appointment of the Chief Financial Officer;
- s. Such other functions as may be entrusted to it by the Board of Directors from time to time.

The Chairman of the Audit Committee apprises the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings.

### Meetings and Attendance

The Audit Committee met four times during FY 2016-17 on May 12, 2016, August 2, 2016, October 28, 2016 and January 23, 2017. The required quorum was present at all the Audit Committee meetings. The time period between any two meetings did not exceed 120 days. The details of attendance of the members of the Committee at the said meetings are as below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. E A Kshirsagar	Chairman	4	4
Dr. Vijay Kelkar	Member	4	3
Mr. Paul Zuckerman	Member	4	2
Mr. Darius E Udawadia	Member	4	2*

\* Appointed with effect from September 23, 2016

### B. NOMINATION AND REMUNERATION COMMITTEE (NRC) Composition

The Nomination and Remuneration Committee (NRC) comprises four Non-executive Directors of which majority (three) are Independent Directors. Dr. Vijay Kelkar, acts as the Chairman of the Committee. The other members of the Committee are Mr. E A Kshirsagar, Mr. Darius E Udawadia and Mr. Nimesh Kampani.

### Scope and Function

The broad terms of reference of the NRC are:

## REPORT ON CORPORATE GOVERNANCE

- a. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- b. Identify and recommend to the Board of Directors, the appointment of persons considered capable and fit for the role of a Director based on the criteria so formulated;
- c. Evaluation of Directors' performance;
- d. Recommend to the Board of Directors a policy relating to the remuneration for the Directors, key managerial personnel and other senior employees of the Company; and
- e. Recommending the appointment of Key Managerial Personnel (KMPs) and approving their remuneration.

The NRC also considers and approves the grant of Stock Options to the employees/directors of the Company and/or its subsidiaries in accordance with the Employee Stock Option Scheme formulated by the Company pursuant to the applicable SEBI Regulations and the Act.

### Meetings and Attendance

The NRC met three times during FY 2016-17 on May 12, 2016, August 2, 2016 and September 23, 2016. The matters considered by the Committee during the year, inter alia, were; determination of performance linked discretionary bonus and revision in the fixed salary of the Key Managerial Personnel of the Company, grant of stock options to eligible employees, identification and recommendation to the Board the candidature of Mr. Vishal Kampani for appointment as Managing Director and the performance evaluation of individual Directors.

The necessary quorum was present for all the NRC meetings. The details of attendance of the members at the said meetings are as below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Chairman	3	2
Mr. E A Kshirsagar	Member	3	3
Mr. Darius E Udawadia	Member	3	2
Mr. Nimesh Kampani	Member	3	3

### Criteria for Performance Evaluation of Directors

The key criteria for performance evaluation of Directors of the Company are given below:

- Providing effective leadership and strategic guidance to the management;
- Understanding the Business, including the Risks and regulatory landscape;
- Attendance at, and active engagement in the discussion of business performance, competitive landscape and strategies;
- Development and monitoring of leadership teams Compliance focus and insistence on ethical business practices;
- Nudging for long term focus areas such as Succession Planning, Business Continuity Planning, etc.;
- Management of conflicts in Board discussion;
- Management of Conflict of Interest.

### C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE Composition

The Corporate Social Responsibility (CSR) Committee comprises three Non-executive Directors including two Independent Directors. Mr. Nimesh Kampani is the Chairman of the Committee. The other members of the Committee are Mr. Paul Zuckerman and Mr. Keki Dadiseth.

### Scope and Function

The terms of reference of the CSR Committee are as follows:

- a. Formulating and recommending to the Board, CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act;



# REPORT ON CORPORATE GOVERNANCE

- b. Making recommendation on the amount of expenditure to be incurred on CSR activities;
- c. Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company.

The update on the CSR activities undertaken by the Company through its two philanthropic arms viz., JM Financial Foundation and Kampani Charitable Trust is provided in Annexure IV to the Directors' Report.

## Meetings and Attendance

The CSR Committee met on December 20, 2016 to inter alia, consider, approve and recommend to the Board, the amount to be spent on CSR activities for FY 2016-17 and decide on the projects where CSR contribution can be made for FY 2015-16 and FY 2016-17. Mr. Nimesh Kampani and Mr. Paul Zuckerman were present at the above meeting.

## D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### Composition

The Stakeholders' Relationship Committee comprises Dr. Vijay Kelkar, an Independent Director and Mr. Nimesh Kampani, the Non-executive Director of the Company. Dr. Kelkar is the Chairman of the Committee. Mr. P K Choksi, Company Secretary of the Company acts as the Compliance Officer.

### Scope and Function

The Stakeholders' Relationship Committee is empowered to perform the functions of reviewing and taking appropriate action, if any required, relating to the stakeholders' queries and grievances. It primarily focuses on the grievances of the investors/shareholders and ensures speedy disposal thereof.

Mr. P K Choksi takes the Committee members through each of the grievances, the steps taken and the responses given by the Company to redress the grievances of the shareholders/investors. Mr. Vishal Kampani, Managing Director and Mr. Choksi, Company Secretary have been severally authorised by the Board to approve transfer/transmission of shares in physical mode for expediting the share transfer process.

## Meetings and Attendance

The Stakeholders' Relationship Committee met three times during FY 2016-17 on May 12, 2016, August 2, 2016 and October 28, 2016. The details of attendance of the Members at the said meetings are as below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Chairman	3	3
Mr. Nimesh Kampani	Member	3	3

## Nature and number of Grievances

During FY 2016-17, the grievances received by the Company were general in nature and majorly relating to non-receipt of dividends and the same were due to change in address or change in bank mandates.

The following is the data of the number of grievances received from shareholders during the year by the Company/its Registrars & Transfer Agents, which were duly resolved in a timely manner:

Nature of Grievances	No. of Grievances received	No. of Grievances resolved	Pending Grievances
Non-receipt of Dividend	8	8	-
Non-receipt of shares sent for transfer	2	2	-
Non-receipt of physical copy of Annual Report	2	2	-
<b>Total</b>	<b>12</b>	<b>12</b>	<b>-</b>

## E. ALLOTMENT COMMITTEE

### Composition

The Allotment Committee of the Board comprises Mr. Nimesh Kampani, the Non-executive Director and Mr. Darius E Udawadia, an Independent Director of the Company. Mr. Nimesh Kampani is the Chairman of the Committee.

### Scope and Function

The Allotment Committee, inter alia, considers and approves the allotment of shares/securities including those arising on account of exercise of stock options by the eligible employees, considers and approves requests for issue of duplicate share certificates, issue of new share certificates upon rematerialisation, etc.

# REPORT ON CORPORATE GOVERNANCE

## Meetings and Attendance

The Allotment Committee met 8 times during FY 2016-17 on May 12, 2016, July 14, 2016, August 24, 2016, September 23, 2016, October 28, 2016, December 20, 2016, February 16, 2017 and March 22, 2017. The details of attendance of the Members at the said meetings are as below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Nimesh Kampani	Chairman	8	8
Mr. Darius E Udawadia	Member	8	8

## 5. DISCLOSURE IN RELATION TO REMUNERATION OF DIRECTORS

### a. Remuneration of Executive Director(s)

The compensation structure for Executive Director(s) consists of two parts – Fixed and Variable determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Company

The compensation structure of the Executive Director(s) is being reviewed by the Nomination and Remuneration Committee and approved by the Shareholders of the Company.

### Mr. Nimesh Kampani (Chairman & Managing Director up to September 30, 2016)

During the year, Mr. Nimesh Kampani voluntarily retired from executive role as Managing Director of the Company from the close of business hours on September 30, 2016 on turning 70 years of age. Mr. Kampani continues as Non-executive Chairman of the Company and JM Financial Group with effect from October 1, 2016.

Mr. Kampani demonstrated exemplary leadership and business acumen during his tenure as Managing Director of the Company. The businesses in the JM Financial Group have immensely benefited from Mr. Kampani's vast experience, knowledge and insight of the financial markets.

For the six months period ended September 30, 2016, Mr. Nimesh Kampani, was paid remuneration in accordance with the terms and conditions of the Agreement entered into by the Company with him. Additionally, the Nomination

and Remuneration Committee of the Board has also approved to pay performance bonus of ₹ 1.75 crore to Mr. Nimesh Kampani for the period April 1, 2016 to September 30, 2016 in accordance with the terms and conditions of his appointment. The details of the remuneration paid/payable to Mr. Nimesh Kampani for the period April 1, 2016 to September 30, 2016 are given below:

	(Amount in ₹)
Salary	60,00,000
Perquisites	75,07,123
Performance Bonus	1,75,00,000
<b>Total</b>	<b>3,10,07,123</b>

Additionally, Mr. Kampani was also entitled to receive the Company's contribution to provident fund as per the rules of the Company.

### Mr. Vishal Kampani (Managing Director with effect from October 1, 2016)

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on September 23, 2016, unanimously appointed Mr. Vishal Kampani, as the Managing Director of the Company for a period of five years with effect from October 1, 2016 subject to approval of the members at the ensuing AGM.

In accordance with the terms and conditions of the Agreement entered into by the Company with Mr. Vishal Kampani, the Company has paid the following remuneration to Mr. Vishal Kampani for the period October 1, 2016 to March 31, 2017:

	(Amount in ₹)
Salary	60,00,000
Perquisites	9,99,917
Performance Bonus	-
<b>Total</b>	<b>69,99,917</b>

Additionally, Mr. Kampani was also entitled to receive the Company's contribution to provident fund as per the rules of the Company.

Mr. Vishal Kampani has been serving as the Managing Director of JM Financial Products Limited ('JM Financial Products'), a material subsidiary of the Company since the year 2008. Mr. Kampani was re-appointed as Managing

# REPORT ON CORPORATE GOVERNANCE

Director of JM Financial Products for a period of five years effective from September 15, 2016. Mr. Kampani also draws remuneration from this subsidiary. As per the terms of his appointment, so long as Mr. Kampani serves as a Managing Director of the Company and JM Financial Products, the total amount of remuneration that may be paid to Mr. Kampani by the Company and/or JM Financial Products, shall not exceed the higher maximum limit admissible from the Company or JM Financial Products, as the case may be, in accordance with the applicable provisions of the Act and Schedule V thereto. The details of remuneration drawn by Mr. Vishal Kampani from JM Financial Products are given below:

	(Amount in ₹)
Salary	1,13,04,579
Perquisites	68,58,046
Performance Bonus	10,00,00,000
<b>Total</b>	<b>11,81,62,625</b>

Additionally, Mr. Kampani was also entitled to receive contribution to provident fund from JM Financial Products.

The total amount of remuneration paid/payable by both the companies, viz., JM Financial Limited and JM Financial Products Limited are within the limits prescribed under the Act and as approved by the NRC and Boards of the respective companies.

## b. Remuneration Policy for Non-executive Directors

The Company follows transparent process for determining the remuneration of Non-executive Directors including the Independent Directors. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, the position held by them as the Chairman and member of the Committees of the Board and their overall contribution as Board members. Besides this, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of the Non-executive Directors.

During the financial year 2016-17, the Non-executive and Independent Directors have contributed significantly and given constructive and useful feedback from time to time in the deliberations on the Board matters.

Considering the above, an aggregate amount of ₹ 1.12 Crore is proposed to be paid as commission to the Independent Directors of the Company for FY 2016-17. The details of sitting fees/commission paid/payable to the Independent Directors are given below:

Name of Director	Sitting fees paid during the financial year 2016-17						Commission for FY 2016-17
	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Allotment Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	
Mr. E A Kshirsagar	6,00,000	2,00,000	60,000	-	-	-	20,00,000
Mr. Darius E Udawadia	6,00,000	1,00,000	40,000	40,000	-	-	18,00,000
Mr. Paul Zuckerman	4,00,000	1,00,000	-	-	-	20,000	18,00,000
Dr. Vijay Kelkar	3,00,000	1,50,000	40,000	-	30,000	-	20,00,000
Mr. Keki Dadiseth	5,00,000	-	-	-	-	-	18,00,000
Ms. Jagi Mangat Panda	4,00,000	-	-	-	-	-	18,00,000

### Notes:

- The above does not include the fees paid to the Independent Directors for attending the Independent Directors' Meeting held on December 20, 2016.
- Mr. Nimesh Kampani and Mr. Vishal Kampani (during their respective tenure as Non-Executive Director) have been paid sitting fees of ₹ 3.50 Lakh and ₹ 3.00 Lakh, respectively, in FY 2016 - 17, for attending Board/Committee meetings.

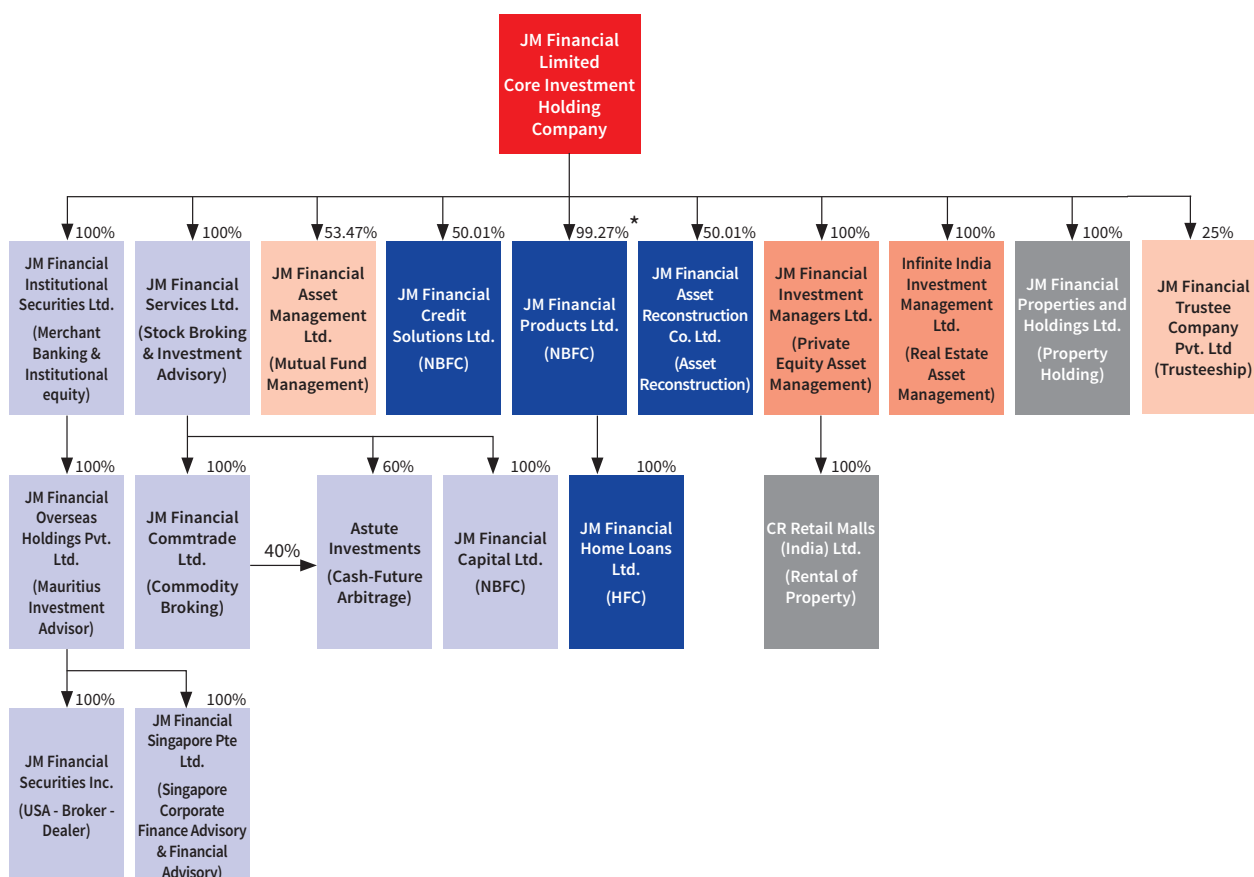
## REPORT ON CORPORATE GOVERNANCE

During the FY 2016-17, the Company paid ₹ 1,92,100/- as professional fees to M/s. Udawadia & Co., a legal firm, for professional services provided on matters entrusted to it from time to time. The Board does not consider that the payment of professional fees to the above legal firm would affect the Directors independence of judgement, of which Mr. Darius E Udawadia, a Director, is a proprietor.

Other than the above, no payments have been made to any of the Independent Directors by the Company.

### 6. SUBSIDIARY AND ASSOCIATE COMPANIES

The Company had the following subsidiary and associate companies as on March 31, 2017.



\*including 9.27% held by JM Financial Institutional Securities Limited, a wholly owned subsidiary of the Company, in JM Financial Products Limited

Regulations 16(1)(c) of the Listing Regulations defines “material subsidiary” as a subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in immediately preceding accounting year.

Based on the above definition, the details of material subsidiaries of the Company as on March 31, 2017 are given below. In accordance with Regulation 24 of the Listing Regulations, the following Independent Directors of the Company are also Independent Directors on the Boards of the unlisted material subsidiaries as on March 31, 2017:

## REPORT ON CORPORATE GOVERNANCE

Name of the material non-listed subsidiaries	Name of the Independent Directors
JM Financial Products Limited	Mr. E A Kshirsagar
JM Financial Credit Solutions Limited	Mr. Darius E Udwadia

The minutes of the Board meetings of the unlisted subsidiary companies are placed at the Board meetings of the Company. The management also periodically brings to the attention of the Members of the Audit Committee, a statement of significant transactions and arrangements entered into by all the unlisted subsidiary companies of the Company.

### 7. GENERAL BODY MEETINGS

a. The location, time and venue of Annual General Meetings held during the last three years are as under:

Date of AGM/EGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
July 3, 2014 AGM	Kamalnayan Bajaj Hall, Ground Floor, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400021	4.00 p.m.	Yes	<ul style="list-style-type: none"> <li>Alteration of Articles of Association.</li> </ul>
July 30, 2015 AGM	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> <li>Issue of Non-Convertible Debentures for an amount not exceeding ₹ 1,000 crore.</li> <li>Alteration of Articles of Association.</li> <li>To approve transactions/contracts/arrangements with a related party viz., JM Financial Products Limited, a subsidiary of the Company for an amount not exceeding ₹ 500 Crore during any one financial year.</li> <li>To approve transactions/contracts/arrangements with a related party viz., JM Financial Services Limited, a subsidiary of the Company for an amount not exceeding ₹ 500 Crore during any one financial year.</li> <li>To approve transactions/contracts/arrangements with a related party viz., JM Financial Asset Management Limited, a subsidiary of the Company for an amount not exceeding ₹ 500 Crore during any one financial year.</li> <li>To approve transactions/contracts/arrangements with a related party viz., JM Financial Credit Solutions Limited a subsidiary of the Company for an amount not exceeding ₹ 500 Crore during any one financial year.</li> <li>To approve transactions/contracts/arrangements with a related party viz., JM Financial Asset Reconstruction Company Private Limited, an associate of the Company for an amount not exceeding ₹ 500 Crore during any one financial year.</li> <li>To approve transactions/contracts/ arrangements with a related party viz., M/s Astute Investments, a partnership firm of which JM Financial Services Limited and JM Financial Commtrade Limited, subsidiaries of the Company are partners for an amount not exceeding ₹ 500 Crore during any one financial year.</li> </ul>
August 2, 2016 AGM	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020	4.00 p.m.	Yes	<ul style="list-style-type: none"> <li>Payment of commission to Non-executive Directors including Independent Directors.</li> <li>Issue of Redeemable Non-Convertible Debentures for an amount aggregating up to ₹ 1,000 Crore.</li> </ul>

# REPORT ON CORPORATE GOVERNANCE

Other than the above no general meetings were held during the last three years.

**b. SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT**

No Special Resolution was passed through postal ballot during the financial year 2016-17.

None of the businesses proposed to be transacted at the ensuing AGM require passing of a Special Resolution through Postal Ballot.

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for FY 2016-17, prepared in accordance with the Listing Regulations, is given in a separate section forming part of this Annual Report.

## 9. DISCLOSURES

**A. POLICIES DETERMINING MATERIAL SUBSIDIARIES AND RELATED PARTY TRANSACTIONS**

Pursuant to requirements of Regulation 23 of the Listing Regulations, the Company has adopted the policies for determining material subsidiaries and on related party transactions and the said policies are available on the Company's website at [www.jmfl.com](http://www.jmfl.com).

**B. DISCLOSURE ON MATERIAL RELATED PARTY TRANSACTIONS**

No materially significant related party transactions have been entered into during FY 2016-17 having potential conflict of interest.

**C. NO PENALTY OR STRICTURES**

There have been no instances of non-compliances by the Company and no penalties and/or strictures have been imposed on it by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the previous three financial years.

**D. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING**

The Company has adopted a code of conduct ('Code') for prevention of insider trading with a view to regulate trading in securities by the Directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits

the purchase or sale of the Company's shares by the Directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the Directors, and employees likely to have access to unpublished price sensitive information.

**E. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Vigil Mechanism/Whistle Blower Policy has been adopted to provide appropriate avenues to the employees to bring to the attention of the management, the concerns about any unethical behaviour, by using the mechanism provided in the Policy. In cases related to financial irregularities, including fraud or suspected fraud, the employees may directly approach the Chairman of the Audit Committee of the Company. We confirm that no Director or employee has been denied access to the Audit Committee during FY 2016-17. The Policy provides that no adverse action shall be taken or recommended against an employee in retaliation to his/her disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This Policy protects such employees from unfair or prejudicial treatment by anyone in the Company.

**F. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The Company is a Core Investment Company and does not deal with any commodity. Accordingly, the Company is not exposed to any commodity price risk. The Company does not have any foreign exchange exposure and as such is not exposed to any foreign exchange risk.

**G. MANAGING DIRECTOR (MD) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

As required under Regulation 17(8) of the Listing Regulations, the MD and CFO of the Company have certified the accuracy of financial statements for FY 2016-17 and adequacy of internal control systems for financial reporting for the year ended March 31, 2017.

## 10. MEANS OF COMMUNICATION

Effective communication of information is an essential



## REPORT ON CORPORATE GOVERNANCE

component of Corporate Governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes management – shareholders relations. The Company regularly interacts with its members through multiple channels of communication such as results, announcement, annual reports, media releases, and the websites of the Company and stock exchanges.

### a. QUARTERLY RESULTS

The unaudited quarterly/half yearly financial results are announced within forty-five days of the end of the respective quarter. The audited annual financial results are announced within sixty days of the close of the financial year as per the requirements of the Regulation 33 of the Listing Regulations. The aforesaid financial results are sent to BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) where the Company's shares are listed. These results are thereafter published within forty-eight hours in one English newspaper (generally Business Standard) and one vernacular newspaper (generally Sakal/Navshakti) as well as placed on the Company's website viz., [www.jmfl.com](http://www.jmfl.com), and are also available on the Stock exchange websites. The Company also emails the quarterly results to those shareholders who have registered their Email Ids with their DPs or the Company.

### b. WEBSITE

The Company's website [www.jmfl.com](http://www.jmfl.com) provides information about the businesses carried on by its subsidiaries and associates. It is the primary source of information to all the stakeholders of the Company and to general public at large. It also contains a separate dedicated section on investor relations. Financial Results, Annual Reports, Shareholding Pattern, Official News Releases, Quarterly Corporate Governance Report, details of unclaimed dividend, various policies adopted by the Board and other general information about the Company is also available on its website.

### c. ANNUAL REPORT

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members of the Company prior to the AGM. The Report on Management Discussion and Analysis forms part of the Annual Report. The Annual

Report of the Company is also available on the website of the Company in a user friendly and downloadable format and also on the websites of the BSE and NSE.

### d. REMINDER TO SHAREHOLDERS

Individual reminders are sent each year to those shareholders whose dividends have remained unclaimed from the date they become due for payment, before transferring the monies thereof to the Investor Education & Protection Fund (IEPF). The information on unclaimed dividend is also uploaded on the website of the Company.

### e. NSE ELECTRONIC APPLICATION PROCESSING SYSTEM (NEAPS) AND BSE PORTAL FOR ELECTRONIC FILING

The financial results, shareholding pattern and quarterly report on Corporate Governance and other filings required to be made to the Stock Exchanges are electronically filed through NSE Electronic Application Processing System (NEAPS) portal i.e., [www.connect2nse.com/listing](http://www.connect2nse.com/listing) and BSE portal i.e., <http://listing.bseindia.com>.

### f. DESIGNATED EXCLUSIVE EMAIL-ID

The Company has designated shareholdergrievance@jmfl.com as an email id for the purpose of registering complaints by investors and the same is displayed on the Company's website.

### g. PRICE SENSITIVE INFORMATION

All price sensitive information and such other matters which in the opinion of the Company are of importance to the shareholders/investors are promptly intimated to the Stock Exchanges. Material developments relating to the Company that are potentially price sensitive in nature or which could impact continuity of publicly available information regarding the Company are disclosed to the Stock Exchanges in terms of the Company's Policy for Determination of Materiality of Events/Information.

## 11. NON-MANDATORY REQUIREMENTS

The Company is in due compliance with all the mandatory requirements of corporate governance specified in Listing Regulations. The Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations and are being reviewed as and when necessary.

## GENERAL SHAREHOLDERS' INFORMATION

This section provides information for the members pertaining to the Company, its shareholding pattern, share price movements, top 10 shareholders and other information as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "the Listing Regulations").

### A. THIRTY SECOND ANNUAL GENERAL MEETING (AGM)

Day & Date of the AGM	Time of the AGM	Venue of the AGM
Monday, July 24, 2017	4.00 pm	Rama and Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020

### B. FINANCIAL CALENDAR (FY 2017-18)

Particulars	Period
Financial Year	April 1 to March 31
For consideration of Unaudited/Audited Financial Results	
First quarter ending June 30, 2017 (Unaudited)	On or before August 15, 2017
Second quarter and half year ending September 30, 2017 (Unaudited)	On or before November 15, 2017
Third quarter and nine months ending December 31, 2017 (Unaudited)	On or before February 15, 2018
Fourth quarter and financial year ending March 31, 2018 (Audited)	On or before May 30, 2018

### C. CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company shall remain closed from Monday, May 15, 2017 to Friday, May 19, 2017 (both the days inclusive) for the purpose of dividend and AGM.

### D. DIVIDEND PAYMENT DATE

The final dividend, if declared by the members at the ensuing AGM to be held on Monday, July 24, 2017, will be paid on and from Thursday, July 27, 2017.

### E. DIVIDEND HISTORY COMMENCING FROM THE FINANCIAL YEAR - 2012-13

Financial Year	Date of Declaration	Date of payment	Dividend per share of the face value of ₹ 1/- each (₹)		Total amount distributed by way of dividend (₹ in Crore)	
2012-13 (Interim Dividend)	February 7, 2013	February 25, 2013	0.40		30.06	
2012-13 (Final Dividend)	July 31, 2013	August 2, 2013	0.50	0.90	37.71	67.77
2013-14 (Interim Dividend)	January 29, 2014	February 14, 2014	0.45		33.99	
2013-14 (Final Dividend)	July 3, 2014	July 5, 2014	0.55	1.00	41.61	75.60
2014-15 (Interim Dividend)	January 28, 2015	February 11, 2015	0.55		43.09	
2014-15 (Final Dividend)	July 30, 2015	August 4, 2015	0.80	1.35	63.06	106.15
2015-16 (Interim Dividend)	February 3, 2016	February 16, 2016	0.60		47.33	
2015-16 (Final Dividend)	August 2, 2016	August 4, 2016	0.85	1.45	67.12	114.45
2016-17 (Interim Dividend)	January 23, 2017	February 6, 2016	0.65		51.59	
2016-17 (Proposed Final Dividend)	July 24, 2017 (Scheduled)	July 27, 2017	0.85	1.50	67.69	119.28

## GENERAL SHAREHOLDERS' INFORMATION

### Unclaimed dividend

Pursuant to the provisions of Section 124 of the Companies Act, 2013 (the Act) read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter called "the IEPF Rules"), the amount of dividend which remain unclaimed or unpaid for a period of seven years from the date of transfer of such amount to the Unpaid Dividend Account opened in pursuance of sub-section (1) of the said Section is required to be transferred to the Investor Education and Protection Fund (IEPF) established under sub-section (1) of Section 125 of the Act. Accordingly, the unclaimed dividend in respect of the financial year 2009-10 is due for transfer to the IEPF in August 2017. Members, who have not yet claimed their dividend for the financial year 2009-10 or for any subsequent financial years, are requested to claim the same from the Company.

Additionally, pursuant to sub-section (6) of Section 125 of the Act read with the IEPF Rules, all shares in respect of which dividend has not been claimed for the past seven consecutive years shall be transferred by the Company in the name of IEPF Authority by way of credit to the Demat Account established by the IEPF Authority on or before May 31, 2017 or such other date as may be specified by the Central Government in this regard. Any member whose shares are thus transferred to IEPF may claim his/her/its shares under proviso to Section 124(6) of the Act by following the process given under Rule 7 of the IEPF Rules.

In terms of the relevant IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends (both for Interim and Final Dividend) for the financial years from 2009-10 to 2014-15 and Interim Dividend for the financial year 2015-16 as on the date of the Thirty First Annual General Meeting (AGM) held on August 2, 2016, on the website of the IEPF viz., [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Relations" section and also on the Website of the Company viz., [www.jmfl.com](http://www.jmfl.com).

Pursuant to the provisions of Sections 124 and 125 of the Act, the Company has transferred an amount of ₹ 4,65,133/-, being the unclaimed dividend for the financial year 2008-09 to IEPF on November 10, 2016.

The details in respect of the unclaimed dividend for last seven years are as follows:

Sr. No.	Interim/Final Dividend including the year	Amount of Dividend per share (₹)	Date of Declaration	Due date for transfer to IEPF
1.	Dividend 2009-10	0.50	July 28, 2010	August 26, 2017
2.	Dividend 2010-11	0.60	July 28, 2011	August 26, 2018
3.	Dividend 2011-12	0.60	August 13, 2012	September 12, 2019
4.	Dividend 2012-13 (Interim Dividend)	0.40	February 7, 2013	March 13, 2020
5.	Dividend 2012-13 (Final Dividend)	0.50	July 31, 2013	September 3, 2020
6.	Dividend 2013-14 (Interim Dividend)	0.45	January 29, 2014	March 4, 2021
7.	Dividend 2013-14 (Final Dividend)	0.55	July 3, 2014	August 6, 2021
8.	Dividend 2014-15 (Interim Dividend)	0.55	January 28, 2015	March 4, 2022
9.	Dividend 2014-15 (Final Dividend)	0.80	July 30, 2015	August 31, 2022
10.	Dividend 2015-16 (Interim Dividend)	0.60	February 3, 2016	March 10, 2023
11.	Dividend 2015-16 (Final Dividend)	0.85	August 2, 2016	September 6, 2023
12.	Dividend 2016-17 (Interim Dividend)	0.65	January 23, 2017	March 1, 2024

The members who have not claimed their past dividends are requested to immediately contact the Company or its Registrars & Transfer Agents.

## GENERAL SHAREHOLDERS' INFORMATION

### F. LISTING ON STOCK EXCHANGES ALONG WITH THE SECURITY CODE/SYMBOL AND PAYMENT OF LISTING FEE

The Company's shares are listed on the following Stock Exchanges:

Name of the Stock Exchange and its Address	Security Code/Symbol	Payment of Annual listing fee (FY 2017-18)
BSE Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233/4 Fax: 91 22 2272 2041 www.bseindia.com	523405	Paid
National Stock Exchange of India Limited (NSE) Exchange Plaza, C-I, Block G Bandra Kurla Complex Bandra East, Mumbai 400 051 Tel : 91 22 26598100 /14 Fax: 91 22 26598120 www.nseindia.com	JMFINANCIL	Paid

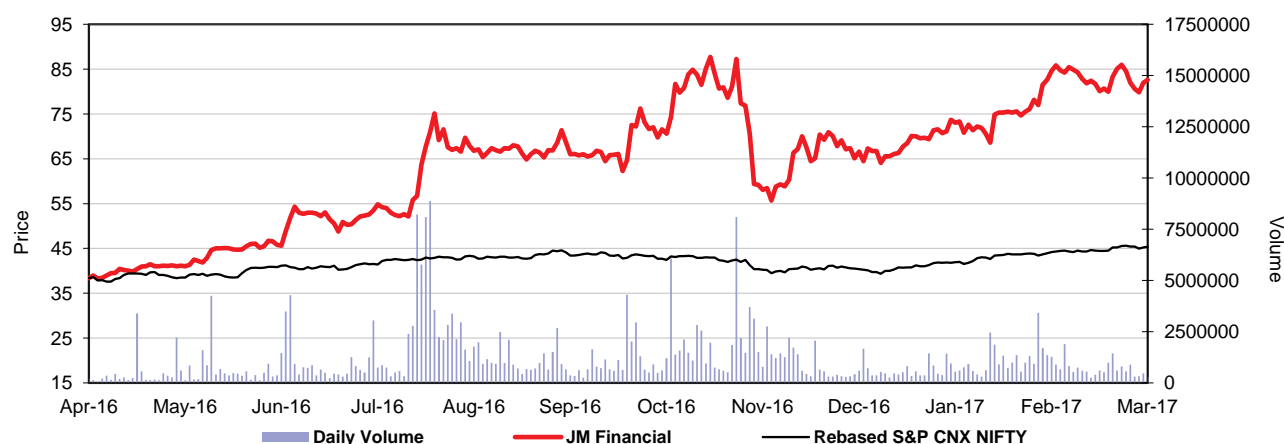
### G. MARKET PRICE DATA

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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-16	37.80	42.30	37.80	41.15	71,09,194
May-16	41.15	46.90	40.35	45.15	1,62,50,494
Jun-16	45.80	56.70	44.95	51.35	1,97,71,824
Jul-16	51.95	77.90	51.25	71.55	5,22,90,319
Aug-16	72.25	72.50	62.55	66.40	3,34,27,040
Sep-16	67.30	73.00	61.00	64.65	1,83,17,296
Oct-16	65.00	88.35	65.00	87.70	3,49,84,824
Nov-16	89.00	90.90	52.65	70.00	4,06,16,648
Dec-16	70.00	72.40	63.15	66.25	1,24,17,454
Jan-17	66.75	74.70	66.20	68.60	1,36,22,579
Feb-17	68.85	87.80	67.75	84.85	2,53,97,525
Mar-17	84.55	93.00	78.20	88.60	2,51,80,825

Source: [www.nseindia.com](http://www.nseindia.com)

The performance of the share price of JM Financial Limited in comparison with Nifty is given below:



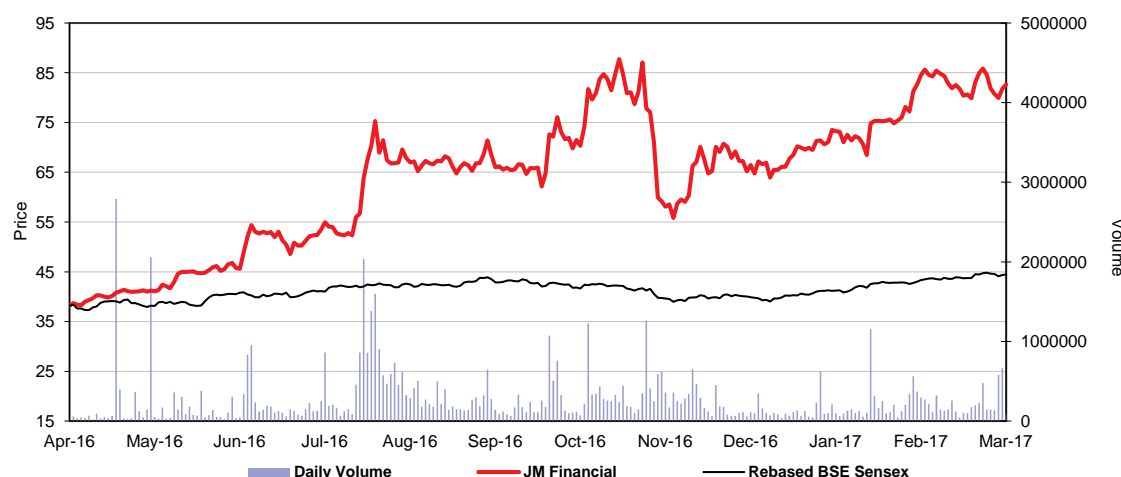
## GENERAL SHAREHOLDERS' INFORMATION

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

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month
Apr-16	38.05	42.30	37.90	41.00	42,40,133
May-16	41.00	46.90	40.75	45.20	46,58,841
Jun-16	45.50	56.75	45.05	51.25	44,90,263
Jul-16	52.20	77.80	51.40	71.45	1,12,49,338
Aug-16	72.00	72.25	63.00	66.40	72,67,907
Sep-16	67.25	72.95	60.80	64.70	41,90,554
Oct-16	65.95	88.50	65.25	87.75	70,91,719
Nov-16	89.10	90.90	52.70	70.10	79,36,676
Dec-16	70.10	72.30	62.55	66.10	28,77,032
Jan-17	66.65	75.40	66.10	68.45	27,91,199
Feb-17	69.05	87.75	67.90	84.80	53,10,662
Mar-17	85.00	93.00	79.20	88.75	1,12,96,525

Source: [www.bseindia.com](http://www.bseindia.com)

The performance of the share price of JM Financial Limited in comparison with S&P BSE Sensex is given below:



### H. REGISTRARS AND SHARE TRANSFER AGENTS

The Company's share transfer services are handled by Karvy Computershare Private Limited (Karvy). Karvy is a SEBI registered Category I – Registrars to an Issue and Share Transfer Agents. For any queries relating to the equity shares of the Company, the members/investors may contact them at their following addresses:

#### Registered Office

Karvy Computershare Private Limited  
Unit: JM Financial Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda, Hyderabad – 500 032  
Phone: 040-67161500  
Fax: 040-23001153

Toll Free no.: 1800-345-4001

Email ID: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

#### Investor Relations Office

Karvy Computershare Private Limited  
Unit: JM Financial Limited  
24-B, Raja Bahadur Mansion  
Ground Floor  
Ambalal Doshi Marg  
Behind BSE, Fort  
Mumbai 400 023  
Tel – 022 - 6623 5454/412/427  
Email ID: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

## GENERAL SHAREHOLDERS' INFORMATION

### I. SHARE TRANSFER PROCESS

Out of the total of 79,45,25,114 equity shares outstanding as on March 31, 2017, 78,96,01,909 equity shares (35,939 members) representing 99.38 % of the Company's total equity shares are dematerialised and are held by members in electronic mode. These shares can be transferred through the depository participants in electronic mode. The remaining 49,23,205 equity shares (1,069 members) representing 0.62% are held by the members in physical form.

Transfer of shares in physical form is processed by the Company's Registrars & Share Transfer Agents (RTA) generally within fifteen days from the date of receipt, provided the documents are complete in all respects. All requests for transfer/transmission in physical form after they are processed by the RTA are submitted to the Company for the necessary approval. The Managing Director and/or the Company Secretary are authorised by the Board to consider and approve the share transfer/transmission requests received in physical form from time to time.

### J. HALF YEARLY AUDIT OF SHARE TRANSFERS

Pursuant to Regulation 40(9) of the Listing Regulations, the Company obtains the certificate from a Practicing Company Secretary on half yearly basis to the effect that the requests for share transfers, sub-division, consolidation, renewal and exchange of certificates comprising equity shares have been processed within the stipulated time period subject to all the documents being in order. A copy of the certificate so received is submitted to the stock exchanges where the Company's equity shares are listed.

### K. QUARTERLY AUDIT OF SHARE CAPITAL

As required by the Securities and Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by a Practicing Company Secretary with the objective to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the total issued and listed capital of the Company. The certificate received from the Practicing Company Secretary is submitted to BSE and NSE and is also placed before the Board of Directors on a quarterly basis.

### L. DISTRIBUTION OF SHAREHOLDING

Distribution of Shareholding as on March 31, 2017 is given below:

Number of shares held	Shareholders		Shares	
	Number	%	Number	%
0001 - 5,000	35,308	95.41	2,17,01,562	2.73
5,001 - 10,000	753	2.03	60,85,444	0.77
10,001 - 20,000	388	1.05	58,25,507	0.73
20,001 - 30,000	170	0.46	42,97,436	0.54
30,001 - 40,000	70	0.19	25,35,421	0.32
40,001 - 50,000	42	0.11	19,47,559	0.25
50,001 - 100,000	117	0.32	87,40,717	1.10
100,001 and above	160	0.43	74,33,91,468	93.56
	<b>37,008</b>	<b>100.00</b>	<b>79,45,25,114</b>	<b>100.00</b>

### M. CATEGORIES OF SHAREHOLDERS AS ON MARCH 31, 2017:

Category	No. of shares	% to total paid-up equity share capital
<b>Shareholding of Promoter(s) &amp; Promoter Group:</b>		
Promoter	20,34,06,600	25.60
Person having control over the Company	13,53,57,500	17.04
Promoter Group and Persons acting in concert including relatives of the person having control over the Company	18,02,57,893	22.68
<b>Total (A)</b>	<b>51,90,21,993</b>	<b>65.32</b>
<b>Public Shareholding</b>		
Individuals	8,05,46,483	10.13
Banks and Financial Institutions	2,05,041	0.03
Bodies Corporate	2,40,87,972	3.03
Mutual Funds	1,98,39,589	2.50
Trusts	2,18,78,575	2.76
<b>Foreign Shareholding</b>		
Non-resident Indians	1,33,62,140	1.68
Foreign Institutional Investors (FIIs)	11,55,83,321	14.55
<b>Total (B)</b>	<b>27,55,03,121</b>	<b>34.68</b>
<b>Total (A) + (B)</b>	<b>79,45,25,114</b>	<b>100.00</b>

### N. LIST OF TOP 10 PUBLIC SHAREHOLDERS AS ON MARCH 31, 2017

Sr. No.	Name of the Shareholder	No. of Shares	(%)
1.	Morgan Stanley Asia (Singapore) Pte.	3,38,73,628	4.26
2.	Azim Premji Trust	2,18,75,000	2.75
3.	TIMF Holdings	2,03,28,773	2.56
4.	IDFC Premier Equity Fund	1,94,14,589	2.44
5.	Valiant Mauritius Partners Offshore Limited	1,77,87,607	2.24
6.	Valiant Mauritius Partners Limited	1,34,23,015	1.69
7.	Vikram Shankar Pandit	1,16,46,939	1.47
8.	The Wellington Trust Company	67,10,117	0.84
9.	Aparna Murthy Aiyar	58,23,470	0.73
10.	Hariharan Ramamurthi Aiyar	58,23,469	0.73



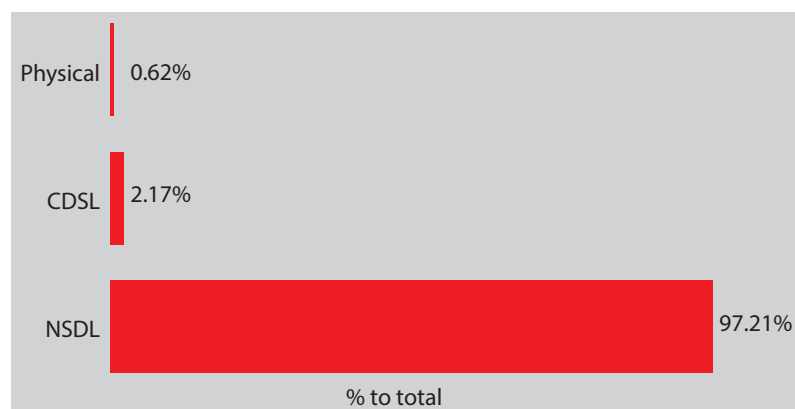
## GENERAL SHAREHOLDERS' INFORMATION

### O. DEMATERIALISATION OF SHARES, INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) AND LIQUIDITY

The equity shares of the Company are available for trading in the dematerialised form under both the Depositories i.e., NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE780C01023.

#### No. of Shares held in dematerialised and physical mode:

Particulars	No. of Shareholders	No. of Shares	% to total paid up capital
Held in dematerialised mode in NSDL	20,929	77,23,68,283	97.21
Held in dematerialised mode in CDSL	15,010	1,72,33,626	2.17
Held in physical mode	1,069	49,23,205	0.62
<b>Total</b>	<b>37,008</b>	<b>79,45,25,114</b>	<b>100.00</b>



The Company's equity shares are regularly traded on BSE and NSE.

The processing activities with respect to requests received for dematerialisation of shares are generally confirmed by the RTA within 21 days from the date of login by the Depository Participants (DPs). Rejection cases are promptly returned to the DPs under advice to shareholders/investors.

### P. OUTSTANDING GDRs/ ADRs/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION AND LIKELY IMPACT ON EQUITY

None since no such instruments are issued by the Company.

### Q. REGISTERED OFFICE OF THE COMPANY/CORRESPONDENCE ADDRESS

7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025.

### R. CORPORATE IDENTIFICATION NUMBER OF THE COMPANY (CIN)

L67120MH1986PLC038784

### S. WEBSITE

[www.jmfl.com](http://www.jmfl.com)

### T. PLANT LOCATION

The Company is a Core Investment Company and does not have any plant.

# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

## TO THE MEMBERS OF JM FINANCIAL LIMITED

We have examined the compliance of conditions of Corporate Governance by JM Financial Limited ("the Company"), for the year ended March 31, 2017, stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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 knowledge and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations, as applicable.

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  
Firm Registration No. 105146W

Date: May 2, 2017  
Place: Mumbai

**Shivji K Vikamsey**  
Partner (F - 2242)

## CERTIFICATE

### TO THE BOARD OF DIRECTORS OF JM FINANCIAL LIMITED

Certified that for the financial year 2016-17:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2016-17 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there

have been no deficiencies in the design or operation of such internal controls of which we are aware.

- D. We have indicated to the auditors and the Audit Committee that there were:
  1. no significant changes in internal control over financial reporting during the year;
  2. no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. there have been no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Vishal Kampani**  
Managing Director

Place: Mumbai  
Date: May 2, 2017

**Manish Sheth**  
Chief Financial Officer

# BUSINESS RESPONSIBILITY REPORT

The Directors of JM Financial Limited ('the Company') are presenting the Business Responsibility Report for the financial year ended March 31, 2017 in accordance with Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

JM Financial Limited and its Group's policy framework comprising the Employee Code of Conduct, CSR Policy, Whistle Blower Policy, Fair Practice Code, etc. are designed to enable the Group to comply with the statutory and regulatory requirements and ensure that its operations are conducted in an ethical, transparent and accountable manner. The disclosures presented in this report cover the entire operations of JM Financial Group.

## Section A: General Information about the Company

1	Corporate Identity Number of the Company	L67180MH1986PLC038784
2	Name of the Company	JM Financial Limited
3	Registered Office	7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025
4	Website	<a href="http://www.jmfl.com">www.jmfl.com</a>
5	E-mail id	<a href="mailto:shareholdergrievance@jmfl.com">shareholdergrievance@jmfl.com</a>
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	JM Financial Limited - Core Investment Company Code: 64200 (Activities of holding Company)
8	List three key products/services that the Company manufactures/provides (as in balance sheet) –	JM Financial Limited ("the Company") is a Core Investment Company (CIC) registered with the Reserve Bank of India. The subsidiaries and associates (Group Entities) of the Company are engaged in the operating businesses. As a CIC, the Company has to deploy a minimum of 90% of its net assets as investments in/lending to its Group Entities. The core business area of the Group is financial services divided in four reportable segments viz., investment banking and securities business comprising investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, commodity broking, portfolio management, depository participant; fund based activities comprising non-banking financial activities (NBFC), asset reconstruction, etc.; alternative asset management comprising private equity and real estate fund management and asset management comprising mutual fund management business.
9	Total number of locations where business activity is undertaken by the Company	Number of National Locations: As on March 31, 2017, the Company's subsidiaries viz., JM Financial Services Limited, JM Financial Products Limited, JM Financial Credit Solutions Limited, JM Financial Asset Reconstruction Company Limited, JM Financial Asset Management Limited and JM Financial Institutional Securities Limited has a network of 63 branches and presence in 25 locations across India.  Number of International Locations: The step down subsidiaries of the Company has presence in Mauritius, Singapore and United States of America.
10	Markets served by the Company (Local/State/ National/International)	The Company's subsidiaries serve the customers in India and international locations.

## Section B: Financial Details of the Company

1	Paid up Capital (INR)	₹ 79.45 Crore (As on March 31, 2017)
2	Total Turnover (INR)	Standalone: ₹ 162.95 Crore Consolidated: ₹ 2,359.26 Crore
3	Total profit after taxes (INR)	Standalone: ₹ 106.72 Crore Consolidated: ₹ 470.20 Crore
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company has spent ₹ 0.22 Crore towards CSR activities, being 2% of the average net profits of the Company for the preceding three financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.  An amount of ₹ 11.41 Crore (including ₹ 0.22 crore as mentioned above) towards CSR activities for FY 2016-17 was contributed to JM Financial Foundation by JM Financial Group companies on consolidated basis. JM Financial Foundation will release the funds towards various projects on the instructions of respective companies over a period of time.

# BUSINESS RESPONSIBILITY REPORT

5	List of activities which expenditure in 4 above has been incurred.	<p>List of activities/projects for which contribution is made to JM Financial Foundation by the Company and its relevant subsidiary/associate companies are given below:</p> <p>a) Integrated village development for inclusive growth in Sikandra Block, Jamui District, in the State of Bihar;</p> <p>b) Integrated village Development for inclusive growth in Aadpur village, Taluka – Palitana, District Bhavnagar, in the State of Gujarat and/or on any other clusters of villages in the State of Gujarat;</p> <p>c) Building capacity through infrastructure support to a lower income group school in Ujjain in the State of Madhya Pradesh.</p> <p>d) Mobile Health Services to improve Health and Nutritional profile in Dumri and Pirtand Block of Giridih district in the State of Jharkhand.</p> <p>e) Integrated Rural Transformation project in pre-dominantly backward regions of State of Jharkhand;</p> <p>f) CSR project as identified and approved by the CSR Committee in the State of Maharashtra.</p>
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## Section C: Other Details

1	Does the Company have any Subsidiary Company/ Companies?	Yes; the Company has subsidiaries.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The subsidiary companies participate in the Business Responsibility initiatives. No. of subsidiaries: 16
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No.

## Section D: BR INFORMATION

### 1. Details of Director / Directors responsible for Business Responsibility

a.	Details of the Director responsible for implementation of the business responsibility policy	DIN: 00009079 Name: Mr. Vishal Kampani Designation: Managing Director
b.	Details of the Business Responsibility head	Name: Ms. Dipti Neelakantan DIN: Not Applicable since she is not a Director on the Board of the Company. Designation: Group Chief Operating Officer Telephone Number: 022 6630 3030 e-mail id: dipti.neelakantan@jmfl.com

### 2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are briefly described as under:

P1 -	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2 -	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3 -	Businesses should promote the well-being of all employees.
P4 -	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5 -	Businesses should respect and promote human rights.
P6 -	Businesses should respect, protect and make efforts to restore the environment.
P7 -	Businesses when engaged in influencing public and regulatory policy should do so in a responsible manner.
P8 -	Businesses should support inclusive growth and equitable development.
P9 -	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

# BUSINESS RESPONSIBILITY REPORT

The principle wise responses are given below:

Sr. No.	Questions	Business Ethics	Product/ Service Responsibility	Well-being of Employees	Responsibility towards Stakeholders	Human Rights	Environmental Responsibility	Policy Advocacy	Inclusive Growth	Customer Engagement
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for.	Y	N (Refer Note 1)	Y	Y	Y	N (Refer Note 2)	N (Refer Note 3)	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y*	-	Y*	Y*	Y*	-	-	Y*	Y*
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5.	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	Y	Y	-	-	Y	Y
6.	Indicate the link for the policy to be viewed online?	(Refer table 1 below)	-	#	(Refer table 1 below)	#	-	-	(Refer table 1 below)	#
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y#	-	Y#	Y#	Y#	-	-	Y#	Y#
8.	Does the company have in-house structure to implement the policy/ policies	Y	-	Y	Y	Y	-	-	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? (Refer Note 4)	Y	-	Y	Y	Y	-	-	Y	Y

Y = Yes    N = No

\* All policies have been formulated in accordance with the applicable laws and regulations and after considering the best practices adopted by the industry.

# These policies of the Group are internal documents and are not accessible to the public.

## Notes:

- The core business area of JM Financial Group is to provide financial services and hence this principle has limited applicability. JM Financial Group, however, complies with all applicable regulations in respect of its operations.

## BUSINESS RESPONSIBILITY REPORT

- The questions relating to Principle 6 are not substantially relevant to the JM Financial Group given that the Group operates in financial services sector. JM Financial Group complies with applicable environmental regulations in respect of its office premises. JM Financial Group has also taken initiatives to reduce energy consumption in its offices and contribute towards environment conservation.
- JM Financial Group entities are the members of various industry associations, through which they provide various suggestions with respect to the development and advancement of financial services industry.
- All policies and processes are subject to internal audits and internal reviews from time to time.

Table 1

Name of the Policy	Web link
Code of Conduct for Board Members & Senior Management	<a href="https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Conduct_Directors_Senior_Management_Personnel.pdf">https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Conduct_Directors_Senior_Management_Personnel.pdf</a>
Whistle Blower Policy	<a href="https://www.nseprimeir.com/z_JMFINANCIL/files/Whistle_Blower_Policy.pdf">https://www.nseprimeir.com/z_JMFINANCIL/files/Whistle_Blower_Policy.pdf</a>
Corporate Social Responsibility Policy	<a href="https://www.nseprimeir.com/z_JMFINANCIL/files/CSR_Policy.pdf">https://www.nseprimeir.com/z_JMFINANCIL/files/CSR_Policy.pdf</a>
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information	<a href="https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Practices_and_Procedures_for_Fair_Disclosure_of_Upsi.pdf">https://www.nseprimeir.com/z_JMFINANCIL/files/Code_of_Practices_and_Procedures_for_Fair_Disclosure_of_Upsi.pdf</a>

### 3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months. Annually, More than 1 year.

It will be done annually.

- (b) Does the Company publish a BR or sustainability Report? What is hyperlink for viewing this report? How frequently it is published?

The Company has so far not published any BR or sustainability report. The first BR report is available on the website of the Company viz., [www.jmfl.com](http://www.jmfl.com).

The Company has a Code of Conduct that is specifically designed for all the Board Members and Senior Management. The said Code is approved by the Board of Directors of the Company and is available on the Company's website: viz., [www.jmfl.com](http://www.jmfl.com).

Additionally, JM Financial has formulated the Code of Conduct, which is applicable to all the entities in the Group including its employees and working directors. JM Financial Group as a part of this Code has also framed policies which deal with (i) Ethics at work place; and (ii) restraining giving and receiving of gifts and other benefits in the course of business relationship, etc. Though the JM Financial Group's policies currently do not apply to external stakeholders including suppliers, contractors, NGOs etc., the Group insists on adherence to ethical business practices by such agencies during their dealings with the Group.

### Section E: PRINCIPLE-WISE PERFORMANCE

**Principle 1:** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?

JM Financial Group considers Corporate Governance as an integral part of good management and is committed to acting professionally, fairly and with integrity in all its dealings.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company had received a total of 12 complaints from the shareholders during the financial year 2016-17. All of the said complaints have been satisfactorily resolved.

With respect to the employees, the Group has a mechanism as provided under the Whistle Blower mechanism whereby employees can raise their concerns. During the year the Group did not receive any complaints from the employees.



## BUSINESS RESPONSIBILITY REPORT

Additionally, on an ongoing basis the various businesses of the Group receive complaints/grievances from its customers which are satisfactorily dealt by the respective business teams.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities**

JM Financial Limited ("the Company") is a Core Investment Company (CIC) registered with Reserve Bank of India and its subsidiaries and associate (Group Entities) are engaged in the operating businesses. The core business area of the Group is financial services divided in four reportable segments viz., **investment banking and securities business** comprising investment banking, institutional and non-institutional equity sales, trading, research, broking and distribution, private and corporate wealth management, commodity broking, portfolio management, depository participant; **fund based activities** comprising non-banking financial activities (NBFC) and asset reconstruction; **alternative asset management** comprising private equity and real estate fund management and asset management comprising mutual fund management business. Given the nature of business of the JM Financial Group, it does not have any goods and raw material utilisation as part of its products and services.

The following activities undertaken by us outline our approach towards social concern or opportunities.

**Investment in Housing Finance Company:** Coupled with Government's recent focus on Pradhan Mantri Awas Yojana a new entity viz., JM Financial Home Loans Limited has been incorporated with the objective to undertake the business of providing housing loans with a focus on affordable segment.

**Investment in fintech companies:** 40 percent of the population is currently not connected to banks and 87 percent of payments are made in cash. The disruptive potential of fintech firms can provoke the much needed modernization of the traditional sector, reducing costs in the process and increasing the size of the banking population. As a leading financial services group, JM Financial Group has made investment in fintech companies to adopt tech-driven processes.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

Since, JM Financial is an integrated financial services group, the questions mentioned below are not applicable to it.

(a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

Not Applicable

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Not Applicable

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Not Applicable

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Not Applicable

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Considering the nature of business of JM Financial Group, this question is not applicable to it. However, JM Financial Group has procedures to dispose of e-waste in accordance with the applicable law.

**Principle 3:** Businesses should promote the wellbeing of all employees

**1. Please indicate the total number of employees**

The Group has 1,311 employees.

## BUSINESS RESPONSIBILITY REPORT

2. Please indicate the total number of employees hired on temporary/contractual/casual basis.

The Group has hired 497 employees on temporary/contractual/casual basis.

3. Please indicate the number of permanent women employees.

The Group has 295 permanent women employees.

4. Please indicate the number of permanent employees with disabilities.

The Company has one permanent employee having disability.

5. Do you have an employee association that is recognized by management?

No; the Group does not have any employee association.

6. What percentage of your permanent employees is member of this recognized employee association?

Not applicable since none

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

JM Financial Group does not engage child labour/forced labour/involuntary labour and does not adopt discriminatory employment practices.

Sr. no.	Category	No. of complaints filed during the financial year 2016-17	No. of complaints pending as on March 31, 2017
1	Child labour / forced labour / involuntary labour	None since we do not employ any child labour.	
2	Sexual Harassment		None
3	Discriminatory employment		None

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

(a) Permanent Employees	Employee health and safety is of prime importance at JM Financial. We conduct robust and periodic training on fire safety and evacuation related training for floor marshals and employees across offices and branches. Periodic fire evacuation drills were conducted at the office locations as well as branches, to sensitise employees about fire safety norms and regulations. We have tie-ups with vendors to educate and demonstrate use of fire-fighting equipment to our staff.
(b) Permanent Women Employees	We also conduct safety training for women employees where they are trained on situation reaction and self-defence and briefed on legal provisions relevant to their safety.
(c) Casual/Temporary/ Contractual Employees	We focus on skilling employees with the requisite knowledge and skill. We conduct various programmes, designed to meet the changing skill requirements of our employees. These training programmes include orientation sessions for new employees, programmes conducted by various skill-enhancing, role specific functional academies, leadership mentoring programmes and other management development programmes for mid-level and senior executives. We organise various sessions in-house on a regular basis and also sponsor our employees to attend training sessions organised by external professional bodies to facilitate skill upgradation, of employees handling relevant functions.
(d) Employees with Disabilities	

**Principle 4:** Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes, the Group has mapped its internal and external stakeholders and carries out engagements with investors, employees, clients, business partners and other social organisations etc. The internal stakeholders like employees of the Group are identified through surveys and regular

# BUSINESS RESPONSIBILITY REPORT

engagements. The external stakeholders are mapped through defined activities such as press releases, analysts/investor meet, client events, participation in the events organised by various associations, etc.

## 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

The Group has identified the disadvantaged, vulnerable and marginalised stakeholders through need assessment and engagement with such marginalised communities under its Corporate Social Responsibility activities.

## 3. Are there any special initiatives taken by the company to engage with the disadvantaged, marginalised stakeholders?

Community development is integral to the sustainability strategy of the Group. It is the endeavour of the Group to make a difference in the life of marginalised communities, thus contributing to social wellbeing. JM Financial Foundation and Kampani Charitable Trust, the two philanthropic arms of JM Financial Group in partnership with several NGOs work in diminishing various challenges in the realms of education, health and disaster relief.

The initiatives undertaken for disadvantaged, vulnerable and marginalised stakeholders are elaborated in Principle 8.

### Principle 5: Businesses should respect and promote human rights

#### 1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Group does not have any specific policy on human rights. The firm adheres to all statutes which embodies the principles of human rights such as prevention of child labour, prevention of sexual harassment, equal employment opportunities etc. The Group is committed to a work environment in which all individuals are treated with respect and dignity.

#### 2. How many stakeholder complaints have been received in the past financial and what percent was satisfactorily resolved by the Management?

The Company has not received any stakeholder complaints on human rights issues during the year.

### Principle 6: Businesses should respect, protect, and make efforts to restore the environment

#### 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

The Policy relating to Principle 6 is well laid down in the Corporate Social Responsibility Policy and various other practices of the JM Financial Group.

#### 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. JM Financial Group strives towards imbuing green sustainable products, processes, policies and practices. We promote cost efficient environment-friendly measures and build awareness and consciousness of our environment among employees. Our offices have been designed such that they are equipped with energy efficient air conditioners, LED lights and other energy conservation measures. We have taken measures to install energy efficient equipment in our offices to reduce the consumption of electricity. To reduce paper consumption, we emphasise the use of alternate communication channels such as email and usage of company developed mobile applications.

#### 3. Does the company identify and assess potential environmental risks? Y/N

Since JM Financial Group is engaged in offering financial services, the above mentioned question is not applicable to it.

#### 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Since JM Financial Group is engaged in offering financial services, the above mentioned question is not applicable to it.

## BUSINESS RESPONSIBILITY REPORT

- 5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Group promotes ecological sustainability and green initiatives by use of energy efficient resources.

The Company, in support to MCAs 'Green Initiative', send its various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e-mail addresses. The Company's Annual Report 2015-16 was sent via email to more than 23,000 shareholders thus saving tons of paper and as a measure of protecting the environment saving many trees.

We have also requested shareholders to register their e-mail IDs to get Annual Reports and other communications through email instead of paper mode.

Further, the Group has also initiated conducting the Board meetings and other Committee meetings through e-Board meeting solution, wherein the agenda papers are circulated through electronic means instead physical circulation. This action of the Group will contribute towards saving environment by reduction in usage of paper for Board and Committee meetings.

The Group has adopted the practice of installing its machines on energy efficient servers, thereby causing reduction in carbon footprint of the Group.

- 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

JM Financial Group complies with applicable environmental regulation in respect of its premises.

- 7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

During the year, no show cause or legal notices are received by JM Financial Group from CPCB/SPCB.

**Principle 7:** Businesses, when engaged in influencing people and regulatory policy, should do so in a responsible manner

- 1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

JM Financial Group is a member of various industry bodies and trade associations such as Confederation of Indian Industry, Federation of Indian Chambers of Commerce and Industry, Indian Merchant Chambers, Bombay Chambers of Commerce and Industry, Association of Investment Bankers of India, Association of Mutual Funds of India, Association of ARCs in India, Indian Banks Association, etc. Our participation with various associations helps us understand the industry wide issues and thus help contribute in developing policies that are beneficial to the stakeholders. Senior management of Group are members of various committees constituted by regulators and industry bodies.

- 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

We support and participate in various discussions and initiatives taken by the government, regulators and the above associations for development or advancement of financial services industry.

**Principle 8:** Businesses should support inclusive growth and equitable development

- 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The CSR Policy of the Group articulates to positively contribute towards economic, environmental and social well-being of communities through its Corporate Social Responsibility activities. The CSR activities are undertaken by the two philanthropic arms viz., JM Financial Foundation and Kampani Charitable Trust.

# BUSINESS RESPONSIBILITY REPORT

We have committed undertaking long term interventions in the area of integrated rural development in form of irrigation enhancement, health and nutrition and women empowerment through Self Help Groups. As part of our social responsibility projects we have initiated a process of understanding the community needs and implement a rural transformation project in the most backward regions. The geographies we will be undertaking projects are in rural Bihar, Jharkhand, Maharashtra, Madhya Pradesh and Gujarat. Our specific projects will be through partnerships as field action projects in Sikandra Block of Jamui district in Bihar, Giridih districts of Jharkhand, Bhavnagar district of Gujarat and Ujjain district of Madhya Pradesh.

Our integrated development projects in these regions will impact over 20,000 rural Households, over 100 villages across five states and six districts.

## 2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The above mentioned projects / programmes viz., CSR activities of JM Financial Group are undertaken through JM Financial Foundation and Kampani Charitable Trust, the two philanthropic arms of the Group. The Group collaborates with NGOs, social community and government organisations to leverage synergies in delivering the identified community development initiatives. The employees of the Group also participate in the implementation of the Group's CSR projects.

## 3. Have you done any impact assessment of your initiative?

The programmes/projects identified by the Group above are long term in nature and therefore evaluation and monitoring are imperative to achieving the desired goals. The projects even before its inception are based on baseline assessment and community needs analysis. Periodic milestones and outcomes of the projects will be tracked with partner organization for efficient and result oriented contribution.

The nature of our CSR projects are to deal with behaviour changes with social mobilization, thereby bringing inclusive growth in most vulnerable communities. Considering such

changes take time, we would undertake internal and external impact assessment at a pre-determined juncture of the project and ensure objective reflections and rectifications for better deliverables on social investments.

## 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

JM Financial Group has spent an amount of ₹ 11.41 Crore for the financial year 2016-17 towards corporate social responsibility related activities.

The Company has spent an amount of ₹ 0.22 Crore for the financial year 2016-17 towards corporate social responsibility related activities.

## 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

An integral component of all our CSR projects is community ownership. The projects are initiated, planned and implemented with an exit strategy and sustainability approach. The community need assessment is undertaken and the projects are based on the capacity building of the communities to learn by doing and being independent in long run.

**Principle 9:** Businesses should engage with and provide value to their customers and consumers in a responsible manner.

## 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are no customer complaints/consumer cases pending against the Company as on March 31, 2017.

## 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)

Since JM Financial Group is engaged in offering financial services, the above question is not applicable to it. However, all necessary disclosure requirements relating to the services offered by the Group are complied with.

## BUSINESS RESPONSIBILITY REPORT

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No cases have been filed by any stakeholders against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

The Company has not carried out any formal consumer survey to map consumer satisfaction. However, the Group always put the interest of clients before its own interest. The Group understands its client needs, seek new opportunities for them, address them and deliver unique solutions as per their expectations. The Group promotes its products in ways that do not mislead the clients.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of JM Financial Limited Report on the Financial Statements

1. We have audited the accompanying financial statements of JM Financial Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its profit and cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
8. As required by Section 143(3) of the Act, we further report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



# INDEPENDENT AUDITOR'S REPORT

b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act;

e. on the basis of written representations received from the Directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:

(i) The Company has disclosed the impact of pending litigation on its financial position in

its financial statements (refer note 2.23 of the financial statements).

(ii) The Company assesses periodically the foreseeable losses on all its long term contracts. As at end of the year under report there were no such foreseeable losses. The Company did not have any derivative contracts as at the date of Balance Sheet.

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank notes during the period from November 8, 2016 to December 30, 2016 and as explained to us and the same are in accordance with books of accounts and records maintained by the Company. (refer note 2.40 of financial statements).

For **Khimji Kunverji & Co**  
Chartered Accountants  
Firm Registration No 105146W

Place: Mumbai  
Date: May 2, 2017

**Shivji K Vikamsey**  
Partner (F - 2242)

# INDEPENDENT AUDITOR'S REPORT

## Annexure A referred to in paragraph 7 of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2017.

On the basis of such checks as we considered appropriate, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to the information and explanations given to us and based on the records of the Company examined by us, fixed assets have been physically verified by the management at regular intervals; and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us and based on the records of the Company examined by us, title deed of immovable properties are held in the name of the Company.
- (ii) The nature of business of the Company does not require it to have any inventory. Hence, the requirement of clause 3 (ii) of the Order is not applicable to it.
- (iii) The Company has granted loans, secured or unsecured, and Inter corporate deposit, to companies covered in the register maintained under Section 189 of the Act.
- a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
- b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- c) According to the information and the explanation given to us, there has been no overdue amount.
- (iv) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Act.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, value added tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;
- (b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no outstanding dues of Income Tax, Service Tax, and Cess which have not been deposited on account of any disputes except as mentioned below:

Name of the statute	Nature of the dues	Period	Forum where dispute is pending	Outstanding amount involved (₹ in lakh)
Income tax Act, 1961	Tax demands	FY 2009- 10	Commissioner of Income tax (Appeals)	13.13
Income tax Act, 1961	Tax demands	FY 2010- 11	Commissioner of Income tax (Appeals)	5.01
Income tax Act, 1961	Tax demands (TDS)	FY 2009-10	Commissioner of Income tax (Appeals)	0.49
Income tax Act, 1961	Tax demands (TDS)	FY 2010- 11	Commissioner of Income tax (Appeals)	0.21
Finance Act, 1994	Tax demands	FY 2013- 14	Deputy Commissioner of Service tax	16.46

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to financial institutions. The Company has not taken loans or borrowings from banks, Government or has not issued any debenture.

## INDEPENDENT AUDITOR'S REPORT

- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence the provision of clause 3(ix) of the Order is not applicable to it.
- (x) During the course of our examination of the books and records of the Company, carried in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees noticed or reported during the course of our audit nor have we been informed of any such instance by the Management.
- (xi) According to the records of the Company examined by us and as per the information and explanations given to us, the Company has complied with the provision of Section 197 of the Act read with schedule V thereto.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Hence, clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on the records of the Company examined by us, the Company is in compliance with Sections 177 and 188 of the Act and applicable rules, where applicable, for all transactions with the related parties and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, clause 3(xiv) of the Order is not applicable.
- (xv) According to the records of the Company examined in course of our audit and as per the information and explanations given to us, the Company has not entered in any non-cash transactions with directors or persons connected with them. Hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act 1934 and it has duly obtained the registration.
- Place: Mumbai  
Date: May 2, 2017

For **Khimji Kunverji & Co**  
Chartered Accountants  
Firm Registration No 105146W

**Shivji K Vikamsey**  
Partner (F - 2242)

# INDEPENDENT AUDITOR'S REPORT

## **Annexure B referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Financial Statements of the Company for the year ended March 31, 2017**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of JM Financial Limited ("the Company") as of March 31, 2017 in conjunction with our audit of financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting are established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness

exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate owing to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate or for other reasons.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **Khimji Kunverji & Co**  
Chartered Accountants  
Firm Registration No 105146W

Place: Mumbai  
Date: May 2, 2017

**Shivji K Vikamsey**  
Partner (F - 2242)

# STANDALONE BALANCE SHEET

as at March 31, 2017

		(₹ in Lakh)	
Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	7,945.25	7,889.86
Reserves & surplus	2.2	1,64,606.79	1,57,612.24
		<b>1,72,552.04</b>	<b>1,65,502.10</b>
<b>Share application money pending allotment</b>			
		0.08	-
<b>Non-current liabilities</b>			
Long term borrowings	2.3	-	1.71
Deferred tax liabilities (net)	2.4	10,992.97	10,979.16
Other long term liabilities	2.5	100.00	100.00
Long term provisions	2.6	27.87	19.85
		<b>11,120.84</b>	<b>11,100.72</b>
<b>Current liabilities</b>			
Short term borrowings	2.7	20,656.30	42,633.80
Trade payables	2.8	92.69	87.17
Other current liabilities	2.9	856.15	983.06
Short term provisions	2.10	61.09	6,887.15
		<b>21,666.23</b>	<b>50,591.18</b>
<b>TOTAL</b>		<b>2,05,339.19</b>	<b>2,27,194.00</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.11 A	215.37	273.42
Intangible assets	2.11 B	9.66	12.55
Non-current investments	2.12	1,76,914.80	1,75,660.30
Long term loans and advances	2.13	14,901.32	16,485.92
Other non-current assets	2.14	201.06	245.48
		<b>1,92,242.21</b>	<b>1,92,677.67</b>
<b>Current assets</b>			
Cash and bank balances	2.15	1,172.90	1,254.33
Short term loans and advances	2.16	10,474.14	31,252.37
Other current assets	2.17	1,449.94	2,009.63
		<b>13,096.98</b>	<b>34,516.33</b>
<b>TOTAL</b>		<b>2,05,339.19</b>	<b>2,27,194.00</b>
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and on behalf of

**Khimji Kunverji & Co.**

Chartered Accountants

Registration No. 105146W

For and on behalf of the Board of Directors

**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Nimesh Kampani**

Chairman

DIN – 00009071

**Vishal Kampani**

Managing Director

DIN – 00009079

**E A Kshirsagar**

Director

DIN – 00121824

**Place:** Mumbai

**Date:** May 2, 2017

**Prashant Choksi**

Company Secretary

**Manish Sheth**

Chief Financial Officer

# STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

		(₹ in Lakh)	
Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income:</b>			
Revenue from operations	2.18	4,746.12	3,507.30
Other income	2.19	11,549.34	12,270.16
<b>Total Revenue</b>		<b>16,295.46</b>	<b>15,777.46</b>
<b>Expenses:</b>			
Employee benefits expense	2.20	825.22	1,007.80
Finance costs	2.21	3,960.40	2,715.41
Depreciation and amortisation expense	2.11	66.65	38.25
Other expenses	2.22	750.03	804.03
Provision for diminution in the value of investments		-	1.00
<b>Total Expenses</b>		<b>5,602.30</b>	<b>4,566.49</b>
<b>Profit before tax</b>		<b>10,693.16</b>	<b>11,210.97</b>
<b>Tax expense:</b>			
Current tax		-	10.00
Deferred tax		13.81	(24.11)
Tax adjustment of earlier years		6.80	-
		<b>20.61</b>	<b>(14.11)</b>
<b>Profit for the year</b>		<b>10,672.55</b>	<b>11,225.08</b>
<b>Earnings per equity share (EPS)</b>	2.27		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		1.35	1.42
Diluted EPS (in ₹)		1.34	1.41
Significant accounting policies and notes to financial statements	1 & 2		

As per our attached report of even date

For and on behalf of

**Khimji Kunverji & Co.**

Chartered Accountants

Registration No. 105146W

For and on behalf of the Board of Directors

**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Nimesh Kampani**

Chairman

DIN – 00009071

**Vishal Kampani**

Managing Director

DIN – 00009079

**E A Kshirsagar**

Director

DIN – 00121824

**Place:** Mumbai

**Date:** May 2, 2017

**Prashant Choksi**

Company Secretary

**Manish Sheth**

Chief Financial Officer



# SIGNIFICANT ACCOUNTING POLICIES

and notes to Financial Statements

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements of the Company have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, ("the Act") read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act to the extent applicable and the prevalent accounting practices in India. Further the Company follows the directions issued by the Reserve Bank of India (RBI) for Core Investment Companies (CIC), being a Non-Banking Financial Company (NBFC) as applicable.

### 1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP, which require the management to make estimates and assumptions, that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

### 1.3 Revenue recognition

- Dividend income is recognised when the right to receive the dividend is established.
- Interest income is recognised on accrual basis.
- Fees and lease rental income is recognised on accrual basis in accordance with agreements/arrangements.
- In respect of lease assets, where lease rentals are overdue for more than 12 months, the income is recognised only when lease rentals are actually received (as per income recognition norms of "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the Reserve Bank of India (the RBI).
- Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

### 1.4 Provision for Non-Performing Assets (NPA) and Standard Assets (SA)

All loans and other credit exposures, where the installments are overdue for a period of six months or more are classified as NPA. Provision is made in respect of NPA and SA in accordance with the stipulations of Prudential Norms prescribed in the "Non Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007" by the RBI.

### 1.5 Fixed assets and depreciation

#### Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Act or as per the assessment of the useful life done by the management.

Accordingly the useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Furniture and fixtures	10 years
Office equipment	5 years
Computers	3 years
Software	5 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹ 5,000/- or less are fully depreciated in the year of acquisition.

#### Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

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The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

## Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

## 1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the assets' net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

## 1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments, at lower of cost or market value, determined on the basis of the quoted prices of individual investment in case of quoted investments and as per the management's estimate of fair value in case of non-quoted investments. Current investments are carried at lower of cost or fair value.

## 1.8 Employee benefits

### Defined contribution plan

The Company makes defined contribution to the provident fund, which is recognised in the statement of profit and loss on an accrual basis.

### Defined benefit plan

The Company's liability under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense

respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

## Short term employee benefits

Short term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

## 1.9 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

## 1.10 Operating leases

Leases, where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

## SIGNIFICANT ACCOUNTING POLICIES

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### 1.11 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

### 1.12 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate

of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

### 1.13 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

# NOTES

to Financial Statements

## 2. Notes to financial statements

### 2.1 SHARE CAPITAL

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>Authorised:</b>		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	10,000.00	10,000.00
<b>Issued and Subscribed Capital:</b>		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each		
<b>Paid up Capital:</b>		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each fully paid-up.	7,945.25	7,889.86
<b>TOTAL</b>	<b>7,945.25</b>	<b>7,889.86</b>

#### Note a:

#### Reconciliation of the number of equity shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Shares outstanding at the beginning of the year	78,89,85,636	7,889.86	78,37,23,677	7,837.24
Shares allotted upon exercise of stock options	55,39,478	55.39	52,61,959	52.62
Shares outstanding at the end of the year	<b>79,45,25,114</b>	<b>7,945.25</b>	<b>78,89,85,636</b>	<b>7,889.86</b>

#### Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹ 1/- each. Each holder of equity share is entitled to one vote per share.

#### Note c:

#### Shares in the Company held by each shareholder holding more than 5 percent shares:

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of total holding	No. of Shares held	% of total holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.60%	20,34,06,600	25.78%
Nimesh Kampani*	13,53,57,500	17.04%	13,53,57,500	17.16%
J. M. Assets Management Private Limited	10,30,42,908	12.97%	10,22,68,408	12.96%

\* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

#### Note d:

During the last 5 financial years the Company (i) has not issued any bonus shares (ii) has not issued shares for consideration other than cash (iii) has not bought back any of its shares.

# NOTES

to Financial Statements

## 2.2 RESERVES & SURPLUS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>Capital reserve</b>	0.44	0.44
<b>Securities premium</b>		
Opening balance	34,366.61	32,898.81
Add: On shares allotted upon exercise of stock options by the Employees	1,862.97	1,467.80
<b>Closing balance</b>	<b>36,229.58</b>	<b>34,366.61</b>
<b>General reserve</b>	<b>18,250.00</b>	<b>18,250.00</b>
<b>Statutory reserve</b>		
(under Section 45-IC of The Reserve Bank of India Act, 1934)		
Opening balance	3,809.00	1,563.00
Add: Transferred during the year	2,135.00	2,246.00
<b>Closing balance</b>	<b>5,944.00</b>	<b>3,809.00</b>
<b>Stock options outstanding</b>		
Opening balance	2,025.26	2,101.76
Add: Additions on account of options granted during the year	517.27	732.33
Less: Transferred to securities premium upon exercise of stock options	(811.18)	(741.50)
Less: Reduction on account of options lapsed during the year	(34.99)	(67.33)
<b>Closing balance</b>	<b>1,696.36</b>	<b>2,025.26</b>
<b>Surplus in statement of profit and loss</b>		
Opening balance	99,160.93	1,01,667.20
Add: Profit for the year	10,672.55	11,225.08
<b>Amount available for appropriation</b>	<b>1,09,833.48</b>	<b>1,12,892.28</b>
Less: Appropriations		
Interim dividend	5,159.37	4,732.92
Proposed final dividend (refer note 2.44)	-	6,711.51
Dividend distribution tax	52.70	40.92
Transferred to statutory reserve	2,135.00	2,246.00
	<b>7,347.07</b>	<b>13,731.35</b>
<b>Closing balance</b>	<b>1,02,486.41</b>	<b>99,160.93</b>
<b>TOTAL</b>	<b>1,64,606.79</b>	<b>1,57,612.24</b>

## 2.3 LONG TERM BORROWINGS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans</b>		
Long term maturities of finance lease obligations	-	1.71
(secured by way of hypothecation of a vehicle. The lease is repayable on a monthly basis for a period of 36 months) (refer note 2.28[a])		
<b>TOTAL</b>	<b>-</b>	<b>1.71</b>

## NOTES

to Financial Statements

## 2.4 DEFERRED TAX LIABILITIES (NET)

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>Deferred tax liabilities:</b>		
On investments	11,018.61	11,018.61
On depreciation	-	4.95
	<b>11,018.61</b>	<b>11,023.56</b>
<b>Deferred tax assets:</b>		
On expenditure	24.87	44.40
On depreciation	0.77	-
	<b>25.64</b>	<b>44.40</b>
<b>TOTAL</b>	<b>10,992.97</b>	<b>10,979.16</b>

## 2.5 OTHER LONG TERM LIABILITIES

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Property deposits	100.00	100.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

## 2.6 LONG TERM PROVISIONS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
For employee benefits – gratuity [refer note 2.29 A (a)]	27.87	19.85
<b>TOTAL</b>	<b>27.87</b>	<b>19.85</b>

## 2.7 SHORT TERM BORROWINGS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>Unsecured Loans</b>		
Commercial papers	20,890.00	43,500.00
Less: Unamortised discount on commercial papers	(233.70)	(866.20)
<b>TOTAL</b>	<b>20,656.30</b>	<b>42,633.80</b>

## 2.8 TRADE PAYABLES

	(₹ in lakh)	
	As at March 31, 2017	As at March 31, 2016
Micro, small and medium enterprises (refer note 2.26)	-	-
Other than micro, small & medium enterprises	92.69	87.17
<b>TOTAL</b>	<b>92.69</b>	<b>87.17</b>

# NOTES

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## 2.9 OTHER CURRENT LIABILITIES

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Short term maturities of finance lease obligations (secured by way of hypothecation of a vehicle) (refer note 2.28[a])	1.71	3.08
Unclaimed dividend	209.40	170.37
Employee benefits payable	447.23	676.42
Statutory dues	25.81	21.19
Property Deposit	60.00	-
Other short term liabilities	112.00	112.00
<b>TOTAL</b>	<b>856.15</b>	<b>983.06</b>

## 2.10 SHORT TERM PROVISIONS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
<b>For employee benefits:</b>		
Gratuity [refer note 2.29 A (a)]	14.56	24.33
Compensated absences [refer note 2.29 A (b)]	10.29	16.79
For standard assets (refer note 2.38)	36.24	93.60
For proposed dividend (refer note 2.44)	-	6,711.51
For dividend distribution tax	-	40.92
<b>TOTAL</b>	<b>61.09</b>	<b>6,887.15</b>



# NOTES

to Financial Statements

## 2.11 FIXED ASSETS

(₹ in Lakh)

	Gross block (at cost)			Depreciation / Amortisation			Net block		
	As at March 31, 2016	Additions for the year 2016	Deductions for the year 2016	As at March 31, 2017	As at March 31, 2016	Additions for the year 2016	Deductions for the year 2016	As at March 31, 2017	As at March 31, 2016
<b>(A) TANGIBLE ASSETS</b>									
<b>Owned assets:</b>									
Office premises	108.50	-	-	108.50	42.17	1.83	-	44.00	66.33
Furniture and fixtures	50.01	-	-	50.01	31.38	10.07	-	41.45	18.63
Office equipments	8.95	-	3.10	5.85	6.11	1.76	2.45	5.42	2.84
Computers	6.69	4.96	-	11.65	6.20	1.72	-	7.92	0.49
Leasehold improvements	88.59	0.73	-	89.32	51.81	15.95	-	67.76	36.78
Motor vehicle	190.80	-	46.43	144.37	46.75	28.87	46.43	29.19	115.18
<b>Leased assets:</b>									
Motor vehicles (refer note [a] below)	29.92	-	-	29.92	25.62	2.89	-	28.51	4.30
<b>TOTAL (A)</b>	<b>483.46</b>	<b>5.69</b>	<b>49.53</b>	<b>439.62</b>	<b>210.04</b>	<b>63.09</b>	<b>48.88</b>	<b>224.25</b>	<b>215.37</b>
<b>(B) INTANGIBLE ASSETS</b>									
Software	17.15	0.67	-	17.82	4.60	3.56	-	8.16	9.66
<b>TOTAL (B)</b>	<b>17.15</b>	<b>0.67</b>	<b>-</b>	<b>17.82</b>	<b>4.60</b>	<b>3.56</b>	<b>-</b>	<b>8.16</b>	<b>9.66</b>
<b>TOTAL (A+B)</b>	<b>500.61</b>	<b>6.36</b>	<b>49.53</b>	<b>457.44</b>	<b>214.64</b>	<b>66.65</b>	<b>48.88</b>	<b>232.41</b>	<b>225.03</b>
Previous year	406.09	145.60	51.08	500.61	200.87	38.25	24.48	214.64	285.97

**Note:**

[a] Vendor has a lien over the assets taken on lease.

# NOTES

to Financial Statements

## 2.12 NON-CURRENT INVESTMENTS

(₹ in Lakh)

		As at March 31, 2017		As at March 31, 2016	
		Quantity	Amount	Quantity	Amount
<b>I</b>	<b>TRADE INVESTMENTS (INVESTMENT IN GROUP COMPANIES)</b>				
	<b>Unquoted</b>				
	<b>Investment in equity shares of ₹10/- each</b>				
	<b>In subsidiaries:</b>				
1	JM Financial Institutional Securities Limited	2,80,00,000	36,608.24	2,80,00,000	36,608.24
2	JM Financial Investment Managers Limited	18,00,000	9,316.17	18,00,000	9,316.17
3	JM Financial Services Limited (refer note i)	5,00,00,000	10,750.00	4,55,00,000	9,500.00
4	JM Financial Properties and Holdings Limited	30,00,000	300.00	30,00,000	300.00
5	Infinite India Investment Management Limited	16,00,000	238.00	16,00,000	238.00
6	JM Financial Insurance Broking Private Limited (refer note ii)	-	-	60,000	1.00
7	JM Financial Products Limited	49,00,50,000	50,941.33	49,00,50,000	50,941.33
8	JM Financial Credit Solutions Limited	12,50,000	35,440.00	12,50,000	35,440.00
9	JM Financial Asset Management Limited	3,14,62,500	13,138.49	3,14,62,500	13,138.49
10	JM Financial Asset Reconstruction Company Limited (refer note iii)	12,06,50,000	13,178.58	12,06,25,000	13,174.08
	<b>In associate company:</b>				
11	JM Financial Trustee Company Private Limited	25,000	2.50	25,000	2.50
	<b>Quoted</b>				
	<b>Investment in Debentures</b>				
	<b>In subsidiary company:</b>				
12	JM Financial Asset Reconstruction Company Limited (13% Secured, Rated, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each) (refer note iv)	700	7,000.00	700	7,000.00
			<b>1,76,913.31</b>		<b>1,75,659.81</b>
	Less: Provision for diminution in the value of investments in respect of I(6) above.		-		1.00
			<b>1,76,913.31</b>		<b>1,75,658.81</b>
<b>II</b>	<b>OTHER INVESTMENTS</b>				
	Investments in Mutual Funds				
13	JM Equity Fund (refer note v & vi)	16,072	1.49	16,072	1.49
	<b>TOTAL</b>		<b>1,76,914.80</b>		<b>1,75,660.30</b>

Notes:

- JM Financial Services Limited (Financial Services) has become a wholly owned subsidiary of JM Financial Limited (the Company) upon the Company acquiring an additional 0.09% equity shares in Financial Services.
- JM Financial Insurance Broking Private Limited has been voluntarily wound up during financial year 2016-17.
- JM Financial Asset Reconstruction Company Limited (ARC) has become a subsidiary of the Company w.e.f. September 30, 2016 upon the Company acquiring an additional 0.01% equity shares in ARC. With this, the Company's equity holding in the ARC has increased from 50% to 50.01%.
- Redeemable at the option of the issuer at any time but not earlier than September 22, 2017 being 3 years from the date of allotment.
- Represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.
- Net asset value of the mutual fund units as on March 31, 2017 is ₹ 3.82 Lakh (previous year ₹ 3.34 Lakh).

## NOTES

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**2.13 LONG TERM LOANS AND ADVANCES**  
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Capital advances	52.96	51.27
Security Deposits*	253.02	253.76
Advance tax (net of provisions)	14,595.34	16,180.89
<b>TOTAL</b>	<b>14,901.32</b>	<b>16,485.92</b>

\* Includes ₹ 123.38 Lakh (Previous year ₹63.38 Lakh) receivable from related parties.

**2.14 OTHER NON-CURRENT ASSETS**  
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Receivable from subsidiaries	201.06	245.48
<b>TOTAL</b>	<b>201.06</b>	<b>245.48</b>

**2.15 CASH AND BANK BALANCES**

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
<b>Cash and cash equivalents:</b>		
Cash on hand	0.28	0.19
<b>Balances with banks:</b>		
In current accounts	63.61	74.94
In deposit accounts (less than 3 months' maturity)	675.00	800.00
	<b>738.89</b>	<b>875.13</b>
Other bank balances	434.01	379.20
<b>TOTAL</b>	<b>1,172.90</b>	<b>1,254.33</b>
Earmarked balances with banks for unclaimed dividend included in other bank balances	209.40	170.37

**2.16 SHORT TERM LOANS AND ADVANCES**  
(Unsecured, considered good)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Staff loans	0.17	0.13
Advances recoverable in cash or in kind or for value to be received	45.33	40.17
Inter corporate deposits to group companies	10,355.00	31,200.00
Property Deposit	60.00	-
Prepaid expenses	13.64	12.07
<b>TOTAL</b>	<b>10,474.14</b>	<b>31,252.37</b>

# NOTES

to Financial Statements

## 2.17 OTHER CURRENT ASSETS

	(₹ in Lakh)	
	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due	1,051.94	618.22
Receivable from subsidiaries	398.00	582.47
Interest on income tax refund receivable	-	808.94
<b>TOTAL</b>	<b>1,449.94</b>	<b>2,009.63</b>

## 2.18 REVENUE FROM OPERATIONS

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	4,386.12	3,147.30
Group support service fees	360.00	360.00
<b>TOTAL</b>	<b>4,746.12</b>	<b>3,507.30</b>

## 2.19 OTHER INCOME

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend from subsidiaries on non-current investments	11,411.00	11,355.50
Dividend on current investments	34.66	74.65
Lease rent	27.26	27.26
Interest Income – Others	-	808.94
Miscellaneous income	76.42	3.81
<b>TOTAL</b>	<b>11,549.34</b>	<b>12,270.16</b>

## 2.20 EMPLOYEE BENEFITS EXPENSE

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, bonus and allowances	787.87	978.87
Contribution to provident and other funds	26.31	23.72
Gratuity	8.25	2.48
Staff welfare	2.79	2.73
<b>TOTAL</b>	<b>825.22</b>	<b>1,007.80</b>

## 2.21 FINANCE COSTS

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Finance charges on leased assets	0.51	1.02
Interest on borrowings	3,959.89	2,714.39
<b>TOTAL</b>	<b>3,960.40</b>	<b>2,715.41</b>

# NOTES

to Financial Statements

## 2.22 OTHER EXPENSES

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Space and other related costs (refer note 2.28 [b])	221.91	206.26
Legal and professional fees	80.45	32.24
Membership and subscription	8.87	7.07
Rates and taxes	66.46	48.25
Communication expenses	21.17	19.79
Repairs and maintenance	1.00	0.58
Travelling and conveyance expenses	23.47	25.80
Electricity expenses	12.03	11.31
Printing and stationery expenses	22.23	22.75
Advertisement and other related expenses	11.16	11.68
Information technology expenses	8.53	3.48
Donation	82.00	89.00
Insurance expenses	17.36	18.27
Auditors' remuneration (refer note 2.30)	20.70	19.46
Motor car expenses	11.57	17.20
Provision for standard assets	(57.36)	74.85
Directors' sitting fees	51.79	53.24
Directors' commission	112.00	112.00
Miscellaneous expenses	34.69	30.80
<b>TOTAL</b>	<b>750.03</b>	<b>804.03</b>

## 2.23 CONTINGENT LIABILITY

Contingent liability in respect of income tax and service tax demands for various years disputed in appeal is ₹ 1,907.35 Lakh (previous year ₹ 1,522.09 Lakh).

## CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 109.01 Lakh (previous year ₹ 94.84 Lakh).

## 2.24 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ('the Scheme') provides for grant of stock options to the eligible employees and/or directors ('the Employees') of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price, or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

During the financial year 2016-17, the Nomination and Remuneration Committee of the Board has granted stock options under Series 9, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee granted 12,55,515 Options (previous year 14,44,440 Options) at an exercise price of ₹ 1/- per option to the Employees.

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The details of options are as under:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Outstanding at the beginning of the year	1,04,61,226	2,40,49,622
Add: Granted during the year	12,55,515	14,44,440
Less: Exercised and shares allotted during the year	55,39,478	52,61,959
Less: Exercised but pending allotment	8,000	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,01,969	97,70,877
Outstanding at the end of the year	60,67,294	1,04,61,226
Exercisable at the end of the year	25,99,203	52,27,612

The Company follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock option granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 51.38% (previous year 55.42%), dividend yield of 3.55% (previous year 2.62%), life of option being 7 years (previous year 7 years), and a risk-free interest rate of 7.80% (previous year 8%).

Details of options granted during the current and previous financial years based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of Options Granted		Vesting date		Fair value per option (₹)	
	Current year	Previous year	Current year	Previous year	Current year	Previous year
33.33%	4,18,505	4,81,480	May 12, 2017	April 16, 2016	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2018	April 16, 2017	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2019	April 16, 2018	32.33	42.20
	<b>12,55,515</b>	<b>14,44,440</b>				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ Nil (previous year ₹ 2.57 Lakh). Accordingly, had the compensation been determined using the fair value method, the Company's net profit and basic and diluted earnings per share as reported would have been remained the same (Previous year reduced) after giving effect to the stock-based employee compensation amount as under:

	As reported		As adjusted	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net profit (₹ in lakh)	10,672.55	11,225.08	10,672.55	11,222.51
Basic earnings per share (in ₹)	1.35	1.42	1.35	1.42
Diluted earnings per share (in ₹)	1.34	1.41	1.34	1.41

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Details of options granted under various series are as under:

	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9
Grant date	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016
Options granted	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515
Options exercised till March 31, 2017	19,55,000	66,20,121	62,42,297	26,90,487	22,06,750	3,05,081	N.A.
Options forfeited/cancelled till March 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2017	10,00,000	7,56,734	7,21,857	3,76,054	3,54,527	87,462	Nil
Outstanding at end of year	7,95,000	1,23,144	3,38,515	5,79,233	19,23,990	10,51,897	12,55,515
Exercisable at end of year	7,95,000	1,23,144	3,38,515	5,79,233	6,02,898	1,60,413	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note [i] below)	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016

## Notes:

- [i] Additionally, an aggregate amount of ₹ 711.17 Lakh being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.
- [ii] In respect of Series 1 and 2, as no options were outstanding as on March 31, 2017, the details of options granted has not been included above.



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**2.25** Pursuant to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, the details of receipt from subsidiaries are as under:

Particulars	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
JM Financial Institutional Securities Limited	375.42	445.08
JM Financial Services Limited	130.79	125.28
JM Financial Products Limited	91.51	76.88
JM Financial Credit Solutions Limited	40.47	61.23
JM Financial Asset Management Limited	23.88	16.57
JM Financial Investment Managers Limited	44.62	12.70
Infinite India Investment Management Limited	4.48	-
<b>TOTAL</b>	<b>711.17</b>	<b>737.74</b>

**2.26** Under the head “Trade Payables” outstanding amount(s) due to Micro, Small and Medium Enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act, 2006 is being disclosed as “Nil”, as the Company has not received any reply from its vendors to the letter written by it to them. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

## 2.27 EARNINGS PER EQUITY SHARE (EPS)

Earnings per equity share is calculated as under:

Particulars		(₹ in Lakh)	
		For the year ended March 31, 2017	For the year ended March 31, 2016
Profit after tax (₹ in Lakh)	A	10,672.55	11,225.08
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Basic earnings per share (in ₹)	A/B	1.35	1.42
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Add: Weighted average number of potential equity shares on account of employee stock options	C	58,02,255	64,84,504
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D=B+C	79,88,47,859	79,46,34,097
Diluted earnings per share (in ₹)	A/D	1.34	1.41

## 2.28 LEASE TRANSACTION

### a) Finance lease

The Company has acquired vehicles under the finance lease agreement. The tenure of the lease agreements ranges between 36 and 48 months with an option for prepayments/foreclosure.

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The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

Particulars	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016
Not later than 1 year	1.79	0.08	1.71	3.59	0.51	3.08
Later than 1 year but not later than 5 years	-	-	-	1.79	0.08	1.71
Later than 5 years	-	-	-	-	-	-
<b>TOTAL</b>	<b>1.79</b>	<b>0.08</b>	<b>1.71</b>	<b>5.38</b>	<b>0.59</b>	<b>4.79</b>

## b) Operating lease

- i) The Company had taken three premises under operating lease, the tenure of the lease agreements ranges between 36 months and 60 months. The same is non-cancellable for an initial period ranging between 24 months and 60 months. The minimum lease rentals outstanding with respect to these assets are as under:

(₹ in Lakh)

	Total Minimum Lease Payments outstanding as at March 31, 2017	Total Minimum Lease Payments outstanding as at March 31, 2016
Not later than 1 year	278.05	218.05
Later than 1 year but not later than 5 years	740.22	348.16
Later than 5 years	-	-
<b>TOTAL</b>	<b>1,018.27</b>	<b>566.21</b>

Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 221.91 Lakh (Previous year ₹ 206.26 Lakh)

## 2.29 EMPLOYEE BENEFITS

## A Defined benefit plans

## a) Gratuity

(₹ in Lakh)

Amount recognised in the balance sheet with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Present value of the defined benefit obligation at the year end	42.43	44.18
Fair value of plan assets	-	-
<b>Net liability</b>	<b>42.43</b>	<b>44.18</b>
Net liability is bifurcated as follows:		
Current	14.56	24.33
Non-Current	27.87	19.85

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	(₹ in Lakh)	
Amount recognised in salary, wages and employee benefits expense in the statement of profit and loss with respect to gratuity	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	1.06	1.78
Interest on defined benefit obligations	2.63	2.63
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the year	4.56	(1.92)
Past service cost	-	-
<b>Net gratuity cost</b>	<b>8.25</b>	<b>2.48</b>

	(₹ in Lakh)	
Actual return on plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Expected return on plan assets	-	-
Actuarial gain/(loss) on plan assets	-	-

	(₹ in Lakh)	
Reconciliation of present value of the obligation and the fair value of the plan assets:	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligation	44.18	41.69
Current service cost	1.06	1.78
Interest cost	2.63	2.63
Actuarial (gain)/loss	4.56	(1.92)
Past service cost	-	-
Liability assumed on acquisition/(settled on divestiture) (on transfer of employees)	-	-
Benefits paid	(10.00)	-
<b>Closing defined benefit obligation</b>	<b>42.43</b>	<b>44.18</b>

	(₹ in Lakh)	
Change in fair value of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of the plan assets	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Assets acquired on amalgamation	-	-
Contributions by the employer	-	-
Benefits paid	-	-
<b>Closing fair value of the plan assets</b>	<b>-</b>	<b>-</b>

	(₹ in Lakh)	
Investment details of plan assets	For the year ended March 31, 2017	For the year ended March 31, 2016
Investment	-	-

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(₹ in Lakh)

Principal actuarial assumptions at the balance sheet date	As at March 31, 2017	As at March 31, 2016
Discount rate	7.20%	7.95%
Estimated rate of return on plan assets	-	-
Retirement age	60 years	60 years
Salary escalation	7.00% per annum	7.00% per annum

## Valuation assumptions:

- The estimates of future salary increases takes into account inflation, seniority, promotion and other relevant factors in the employment market.
- The above information is certified by the actuary.

## b) Compensated absences

As per the Company's policy, a provision of ₹ 10.29 Lakh (previous year ₹ 16.79 Lakh) has been made towards compensated absences, calculated on the basis of unutilised leave as on the last day of the financial year.

## B. Defined contribution plans

Amount recognised as an expense and included in the 'Contribution to provident & other funds' ₹ 26.31 Lakh (previous year ₹ 23.72 Lakh).

## 2.30 AUDITORS' REMUNERATION

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Audit fees	13.94	12.93
Certification	1.66	1.45
Limited review	4.83	4.82
Reimbursement of Expenses	0.27	0.26
<b>TOTAL</b>	<b>20.70</b>	<b>19.46</b>

## 2.31 EXPENDITURE/AMOUNT SPENT IN FOREIGN CURRENCY

(₹ in Lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Directors Commission and travelling expenditure	36.53	32.15
<b>TOTAL</b>	<b>36.53</b>	<b>32.15</b>

**2.32** The Company has been classified as a Systemically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI) in accordance with the Certificate of Registration issued by the Reserve Bank of India dated April 11, 2014, under Section 45-IA of the Reserve Bank of India Act, 1934.

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**2.33** Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per their Circular RBI/ 2008-09/ 116 DNBS(PD).CC. No. 125/ 03.05.002/ 2008-2009, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms (as applicable to Core Investment Company) is given below:

(i) **Capital Risk Adequacy Ratio (CRAR):**

Particulars	As at March 31, 2017	As at March 31, 2016
CRAR (%)	90.12	77.93
CRAR - Tier I capital (%)	90.12	77.93
CRAR - Tier II capital (%)	0.00	0.00

(ii) **Exposures:**

**A. Exposure to Real Estate Sector**

(₹ in Lakh)		
Category	As at March 31, 2017	As at March 31, 2016
<b>a) Direct Exposure</b>		
(i) <b>Residential Mortgages -</b>		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	Nil	Nil
(ii) <b>Commercial Real Estate</b>		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(iii) <b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>		
a) Residential	Nil	Nil
b) Commercial Real Estate	Nil	Nil
<b>b) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

**B. Exposures to Capital Market**

(₹ in Lakh)		
Particulars	As at March 31, 2017	As at March 31, 2016
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,76,914.80	1,75,660.30
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil

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Particulars	As at March 31, 2017	As at March 31, 2016
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) Bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
<b>Total Exposure to Capital Market</b>	<b>1,76,914.80</b>	<b>1,75,660.30</b>

## (iii) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities:

(₹ in Lakh)

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
<b>Liabilities:</b>									
Borrowings from banks	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Market Borrowings	786.14 (0.24)	14,962.07 (13,347.47)	4,908.93 (24,542.04)	0.87 (0.76)	- (4,748.08)	- (-)	- (-)	- (-)	20,658.01 (42,638.59)
<b>Assets:</b>									
Advances	725.00 (-)	4,669.16 (6,360.50)	4,675.73 (24,368.75)	380.25 (14.41)	40.06 (523.58)	14,595.34 (16,180.89)	253.01 (253.26)	36.90 (36.90)	25,375.46 (47,738.29)
Investments	- (-)	- (-)	- (-)	- (-)	- (-)	7,000.00 (-)	- (7,000.00)	- (-)	7,000.00 (7,000.00)

## Notes:

- Information on maturity pattern of advances for which there are no specified repayment terms are based on the reasonable assumptions.
- Figures in brackets are for the previous year.

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## 2.34 Schedule to the Balance Sheet (as required in terms of Paragraph 13 of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended) as applicable to Core Investment Companies:

(₹ in Lakh)		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
<b>Liabilities side</b>		
(a) Debentures		
(i) Secured	-	-
	(-)	(-)
(ii) Unsecured (other than falling within the meaning of public deposits)	-	-
	(-)	(-)
(b) Deferred Credits	-	-
	(-)	(-)
(c) Term Loans	-	-
	(-)	(-)
(d) Inter-corporate loans and borrowing	-	-
	(-)	(-)
(e) Commercial Paper	20,656.30	-
	(42,633.80)	(-)
(f) Other Loans (Please Specify)		
Dues under finance lease	1.71	-
	(4.79)	(-)

(₹ in Lakh)	
(2) Break up of Loans and Advances including bills receivables (other than those included in (4) below):	Amount outstanding
<b>Assets side</b>	
(a) Secured	-
	(-)
(b) Unsecured	10,355.00
	(31,200.00)

(₹ in Lakh)	
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities:	Amount outstanding
<b>Particulars</b>	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial Lease	-
	(-)
(b) Operating Lease	-
	(-)
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
	(-)
(b) Repossessed Assets	-
	(-)
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	-
	(-)
(b) Loans other than (a) above	-
	(-)



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		(₹ in Lakh)
(4) Break – up of Investments:		Amount outstanding
<b>Current Investments:</b>		
1. Quoted:		
(i) Shares:		
(a) Equity		-
(b) Preference		(-)
(ii) Debentures and Bonds		(-)
(iii) Units of Mutual Funds		(-)
(iv) Government Securities		(-)
(v) Others (Please Specify)		(-)
2. Unquoted:		
(i) Shares:		
(a) Equity		(-)
(b) Preference		(-)
(ii) Debentures and Bonds		(-)
(iii) Units of Mutual Funds		(-)
(iv) Government Securities		(-)
(v) Others (Please Specify)		(-)
<b>Long Term Investments:</b>		
1. Quoted:		
(i) Shares:		
(a) Equity		(-)
(b) Preference		(-)
(ii) Debentures and Bonds		7,000.00
(iii) Units of Mutual Funds		(7,000.00)
(iv) Government Securities		(-)
(v) Others (Please Specify)		(-)
2. Unquoted:		
(i) Shares:		
(a) Equity		1,69,913.31
(b) Preference		(1,68,658.81)
(ii) Debentures and Bonds		(-)
(iii) Units of Mutual Funds		1.49
(iv) Government Securities		(1.49)
(v) Others (Please Specify)		(-)
		(-)

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		(₹ in Lakh)		
(5) Borrower group – wise classification of assets financed as in (2) and (3) above:	Category	Amount (net of provisions)		
		Secured	Unsecured	Total
	1) Related Parties			
	(a) Subsidiaries	- (-)	10,355.00 (15,000.00)	10,355.00 (15,000.00)
	(b) Companies in the same group	- (-)	- (16,200.00)	- (16,200.00)
	(c) Other related parties	- (-)	- (-)	- (-)
	2) Other than related parties	- (-)	- (-)	- (-)
		- (-)	10,355.00 (31,200.00)	10,355.00 (31,200.00)
	Less: Provision for non-performing assets	- (-)	- (-)	- (-)
		- (-)	10,355.00 (31,200.00)	10,355.00 (31,200.00)

		(₹ in Lakh)	
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):	Category	Market Value/ Breakup or fair value or NAV	Book Value (Net of Provisions)
	1) Related Parties		
	(a) Subsidiaries	1,76,910.81 (1,55,482.23)	1,76,910.81 (1,55,482.23)
	(b) Companies in the same group	2.50 (20,176.58)	2.50 (20,176.58)
	(c) Other related parties	-	-
	Other than related parties	3.82 (3.34)	1.49 (1.49)
		1,76,917.13	1,76,914.80
		(1,75,662.15)	(1,75,660.30)

All investments are long-term investments. In case of unquoted investments, the Market Value/Break up Value or Fair Value or NAV is stated at cost except where there is diminution in value other than temporary, for which provision/write off is made.

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		(₹ in Lakh)
(7) Other Information:		Amount
Particulars		
(i)	Gross Non – Performing Assets	
(a)	Related Parties	-
		(-)
(b)	Other than related parties	-
		(-)
(ii)	Net Non – Performing Assets	
(a)	Related Parties	-
		(-)
(b)	Other than related parties	-
		(-)
(iii)	Assets acquired in satisfaction of debt	-
		(-)

**2.35** There are no restructured advances as on March 31, 2017, Hence disclosure of information as required in terms of sub- Para 9 of Paragraph 20B of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended vide Notification No. DNBS(PD).No.272/CGM(NSV)-2014 dated January 23, 2014) is not warranted.

**2.36 Concentration of Advances and Exposures:**

		(₹ in Lakh)
	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	10,355.00	31,200.00
Percentage of Advances to twenty largest borrowers to total Advances of the NBFC	100%	100%

		(₹ in Lakh)
	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers / customers	10,355.00	31,200.00
Percentage of Exposures to twenty largest borrowers / customers to total Exposure of the NBFC on borrowers / customers	100%	100%

**2.37 Core Investment Company (“CIC”) Compliance Ratios:**

Sr No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Investments & Loans to group companies as a proportion of Net Assets (%)	98.79%	98.62%
(ii)	Investments in equity shares & compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	89.63%	80.41%
(iii)	Capital Adequacy Ratio(%) [Adjusted Net Worth/Risk Weighted Assets]	90.12%	77.93 %
(iv)	Leverage Ratio(Times) [Outside Liabilities / Adjusted Net worth]	0.19	0.38

**2.38** To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a notification No. DNBS 22 / CGM (US)-2011 dated January 17, 2011 as amended on timely basis, requiring all NBFCs to make a general provision at 0.35 per cent of outstanding standard assets. The Company has created provision for standard assets, and is in compliance with the aforesaid RBI Notification.

# NOTES

to Financial Statements

**2.39** The Company has spent ₹ 22 Lakh (previous year ₹ 24 Lakh) towards Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

	(₹ in Lakh)
a) Gross amount required to be spent by the Company during the year.	21.71
b) Amount spent during the year:	
In cash	22.00
Yet to be paid in cash	-
Total	<b>22.00</b>
(i) Construction/acquisition of any asset	-
(ii) On purposes other than (i) above	22.00

**2.40** Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016.

	SBNs (₹)	Other denomination notes (₹)	Total (₹)
Closing cash in hand as on 08.11.2016	500	24,210	24,710
(+) Permitted receipts	-	67,000	67,000
(-) Permitted payments	(-)	(3,000)	(3,000)
(-) Amount deposited in Banks	(500)	(-)	(500)
Closing cash in hand as on 30.12.2016	-	88,210	88,210

**2.41 a)** The Company is engaged in making investments in, and/or lending funds to its group companies as a Core Investment Company registered with the Reserve Bank of India, which in the context of AS 17 on “Segment Reporting” is considered as the only segment.

b) The Company does not have any reportable geographical segment.

**2.42** Disclosure in respect of related parties is attached as Annexure ‘I’

**2.43** Statement of cash flow is attached as Annexure ‘II’

**2.44** The Board of Directors of the Company has recommended a final dividend of ₹ 0.85 per equity share for the year ended March 31, 2017 (previous year ₹ 0.85 per equity share). The said dividend will be paid after the approval of shareholders at the thirty second Annual General Meeting. During the previous year, the Company had made a provision for the dividend recommended by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – ‘Contingencies and Events Occurring after the Balance sheet date’ (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend recommended by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its surplus in Statement of Profit and Loss would have been lower by ₹ 6,769.13 lakh and Short Term Provision would have been higher by ₹ 6,769.13 lakh.

**2.45** Figures of the previous year have been regrouped / reclassified / rearranged wherever necessary to correspond with those of the current year’s classification / disclosure.

# NOTES

to Financial Statements

## Annexure 'I' to note 2.42 of notes to the financial statements

### Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

#### A. List of related parties

##### I) Parties where control exists:

##### a) Subsidiaries

JM Financial Institutional Securities Limited (Institutional Securities)  
 JM Financial Investment Managers Limited (Investment Managers)  
 JM Financial Services Limited (Financial Services)  
 JM Financial Properties and Holdings Limited (Properties)  
 Infinite India Investment Management Limited (Infinite)  
 JM Financial Insurance Broking Private Limited (Insurance Broking) (up to October 25, 2016)  
 JM Financial Commtrade Limited (Commtrade)  
 CR Retail Malls (India) Limited (CRRM)  
 JM Financial Capital Limited (Capital)  
 JM Financial Products Limited (Products)  
 JM Financial Credit Solutions Limited (Credit Solutions)  
 JM Financial Home Loans Limited (Home Loans) (w.e.f. December 16, 2016)  
 JM Financial Asset Management Limited (AMC)  
 JM Financial Asset Reconstruction Company Limited (ARC) (w.e.f. September 30, 2016)  
 JM Financial Overseas Holdings Private Limited (Overseas)  
 JM Financial Singapore Pte Ltd (Singapore)  
 JM Financial Securities, Inc. (USA)

##### b) Partnership Firm

Astute Investments (Astute)

##### II) Other parties with whom the Company has entered into transactions during the year:

##### a) Associates

JM Financial Asset Reconstruction Company Limited (ARC) (up to September 30, 2016)  
 JM Financial Trustee Company Private Limited (Trustee)

##### b) Key management personnel

Mr. Vishal Kampani (VNK)

##### c) Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Mr. Nimesh Kampani (NNK)  
 Ms. Aruna N Kampani (ARNK)  
 Ms. Amishi Kampani (AMNK)

##### d) Relative of key management personnel

Mr. Nimesh Kampani (NNK)  
 Ms. Aruna N Kampani (ARNK)  
 Ms. Amishi Kampani (AMNK)

## NOTES

to Financial Statements

- 
- e) Enterprise over which any person described in clause (c) is able to exercise significant influence
- J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)
  - J. M. Assets Management Private Limited (J.M.Assets)
  - JSB Securities Limited (JSB)
  - Kampani Consultants Limited (KCL)
  - Persepolis Investment Company Private Limited (PICPL)
  - SNK Investments Private Limited (SNK)
  - Kampani Properties and Holdings Limited (KPHL)

**B. Related party relationships have been identified by the management and relied upon by the auditors.**

## NOTES

to Financial Statements

Annexure 'I' to note 2.42 of notes to the financial statements  
Related Party Disclosures:

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Investments Purchased/Transferred from</b>												
Products	-	9,500.00	-	-	-	-	-	-	-	-	-	9,500.00
Institutional Securities	1,250.00	-	-	-	-	-	-	-	-	-	1,250.00	-
<b>Employee related transfers to (Net)</b>												
Products	-	3.88	-	-	-	-	-	-	-	-	-	3.88
<b>ICD placed (Net)</b>												
Credit Solutions	-	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00
ARC	9,963.00	-	14,371	58,700.00	-	-	-	-	-	-	24,334.00	58,700.00
Properties	32,820.00	500.00	-	-	-	-	-	-	-	-	32,820.00	500.00
Comtrade	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
<b>ICD repaid by</b>												
Credit Solutions	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00	-
ARC	11,353.00	-	19,146	42,500.00	-	-	-	-	-	-	30,499.00	42,500.00
Properties	33,000.00	7,500.00	-	-	-	-	-	-	-	-	33,000.00	7,500.00
Comtrade	-	2,500.00	-	-	-	-	-	-	-	-	-	2,500.00
<b>Loan given</b>												
Astute	51,730.25	22,500.00	-	-	-	-	-	-	-	-	51,730.25	22,500.00
<b>Loan repaid</b>												
Astute	51,730.25	22,500.00	-	-	-	-	-	-	-	-	51,730.25	22,500.00
<b>Dividend received from</b>												
Institutional Securities	700.00	5,460.00	-	-	-	-	-	-	-	-	700.00	5,460.00
Products	9,801.00	4,900.50	-	-	-	-	-	-	-	-	9,801.00	4,900.50
Investment Managers	-	540.00	-	-	-	-	-	-	-	-	-	540.00
Financial Services	910.00	455.00	-	-	-	-	-	-	-	-	910.00	455.00
<b>Dividend paid to</b>												
JMFICS	-	-	-	-	-	-	-	-	3,051.10	2,847.69	3,051.10	2,847.69
J.M.Assets	-	-	-	-	-	-	-	-	1,536.63	1,431.76	1,536.63	1,431.76
JSB	-	-	-	-	-	-	-	-	97.58	91.07	97.58	91.07
KCL	-	-	-	-	-	-	-	-	10.28	9.59	10.28	9.59
SNK	-	-	-	-	-	-	-	-	174.90	163.24	174.90	163.24
NNK	-	-	-	-	-	-	-	-	2,030.36	-	2,030.36	1,895.01



# NOTES

to Financial Statements

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
ARNK	-	-	-	-	-	-	576.77	538.32	-	-	576.77	538.32
VNK	-	-	-	-	152.45	-	-	139.43	-	-	152.45	139.43
AMNK	-	-	-	-	-	-	120.00	112.00	-	-	120.00	112.00
PICPL	-	-	-	-	-	-	-	-	24.75	23.10	24.75	23.10
<b>Group support fees received from</b>												
Credit Solutions	180.00	180.00	-	-	-	-	-	-	-	-	180.00	180.00
Properties	180.00	180.00	-	-	-	-	-	-	-	-	180.00	180.00
<b>Rent received from</b>												
Financial Services	27.26	27.26	-	-	-	-	-	-	-	-	27.26	27.26
<b>Interest received from</b>												
Credit Solutions	307.48	286.98	-	-	-	-	-	-	-	-	307.48	286.98
ARC	1,019.90	-	1,071.50	1,677.99	-	-	-	-	-	-	2,091.40	1,677.99
Astute	1,686.30	667.61	-	-	-	-	-	-	-	-	1,686.30	667.61
Properties	282.38	480.41	-	-	-	-	-	-	-	-	282.38	480.41
Commtrade	-	17.92	-	-	-	-	-	-	-	-	-	17.92
<b>Rent paid to</b>												
Properties	95.05	95.05	-	-	-	-	-	-	-	-	95.05	95.05
JSB	-	-	-	-	-	-	60.00	-	-	-	60.00	-
<b>Demat Charges Paid to</b>												
Financial Services	0.01	0.01	-	-	-	-	-	-	-	-	0.01	0.01
<b>Remuneration paid to</b>												
NNK	-	-	-	-	578.76	-	-	-	310.07	-	310.07	578.76
VNK	-	-	-	-	70.00	-	-	-	-	-	70.00	-
<b>Directors Sitting fees</b>												
NNK	-	-	-	-	-	-	-	-	3.50	-	3.50	-
VNK	-	-	-	-	3.00	-	-	2.00	-	-	3.00	2.00
<b>Expenses reimbursed to</b>												
Properties	46.91	19.93	-	-	-	-	-	-	-	-	46.91	19.93
JMFICS	-	-	-	-	-	-	-	-	2.41	3.61	2.41	3.61
<b>Property deposits received from</b>												
NNK	-	-	-	-	-	-	-	-	60.00	-	60.00	-
<b>Property deposits paid</b>												
JSB	-	-	-	-	-	-	-	-	60.00	-	60.00	-

## NOTES

to Financial Statements

	Subsidiaries*		Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total (₹ in Lakh)	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Outstanding Balances</b>												
Investments in	1,76,910.81	1,55,482.23	2.50	20,176.58	-	-	-	-	-	-	1,76,913.31	1,75,658.81
Property deposits received from												
Financial Services	100.00	100.00	-	-	-	-	-	-	-	-	100.00	100.00
NINK	-	-	-	-	-	-	-	-	60.00	-	60.00	-
Property deposits paid to												
Properties	63.38	63.38	-	-	-	-	-	-	-	-	63.38	63.38
JSB	-	-	-	-	-	-	-	-	60.00	-	60.00	-
<b>ICD Outstanding</b>												
Credit Solutions	-	14,500.00	-	-	-	-	-	-	-	-	-	14,500.00
Properties	320.00	500.00	-	-	-	-	-	-	-	-	320.00	500.00
ARC	10,035.00	-	-	16,200.00	-	-	-	-	-	-	10,035.00	16,200.00
<b>Interest receivable from</b>												
ARC	1,049.49	-	-	615.61	-	-	-	-	-	-	1,049.49	615.61
<b>Amount payable to</b>												
NINK	-	-	-	-	-	400.00	-	-	175.00	-	175.00	400.00
Financial Services	-	0.03	-	-	-	-	-	-	-	-	-	0.03

**Note:**

(i) \* Subsidiaries include a partnership firm namely Astute Investments

# ANNEXURE 'II' TO NOTE 2.43 OF NOTES TO THE FINANCIAL STATEMENTS

Statement of Cash Flow for the year ended March 31, 2017

		(₹ in Lakh)	
		For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A</b>	<b>Cash flow from operating activities</b>		
	Net Profit before tax	10,693.16	11,210.97
	<b>Adjustment for :</b>		
	Depreciation	66.65	38.25
	Provision for/(reversal of) gratuity	(1.75)	2.48
	Provision for/(reversal of) compensated absences	(6.50)	(2.06)
	Provision for/(reversal of) standard assets	(57.36)	74.85
	Provision for diminution in the value of investments	-	1.00
	Dividend income	(11,445.66)	(11,430.15)
	Interest expense	3,960.40	2,715.41
	<b>Operating profit before working capital changes</b>	<b>3,208.94</b>	<b>2,610.75</b>
	<b>Adjustment for :</b>		
	(Increase)/decrease in short term loans and advances	20,778.23	(23,673.75)
	(Increase)/decrease in long term loans and advances	(0.95)	(13.63)
	(Increase)/decrease in other current assets	559.69	(991.61)
	(Increase)/decrease in other non-current assets	(284.48)	40.17
	Increase/(decrease) in trade payables	5.52	(16.21)
	Increase/(decrease) in other current liabilities	(126.91)	236.29
	Increase/(decrease) in long term borrowings	(1.71)	(20.14)
	<b>Cash generated from/(used in) operations</b>	<b>24,138.33</b>	<b>(21,828.13)</b>
	Direct taxes paid	1,578.75	(262.44)
	<b>Net cash from/(used in) operating activities</b>	<b>25,717.08</b>	<b>(22,090.57)</b>
<b>B</b>	<b>Cash flow from investing activities</b>		
	Purchase of non-current investments	(1,254.50)	(9,500.00)
	Purchase of current investments	(17,804.66)	(31,460)
	Sale of current investments	17,804.66	31,460
	Purchase of fixed assets	(6.36)	(145.60)
	Sale of fixed assets	0.65	26.60
	Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(54.81)	(224.34)
	Dividend income	11,445.66	11,430.15
	<b>Net cash from investing activities</b>	<b>10,130.64</b>	<b>1,586.81</b>

# ANNEXURE 'II' TO NOTE 2.43 OF NOTES TO THE FINANCIAL STATEMENTS

Statement of Cash Flow for the year ended March 31, 2017

	(₹ in Lakh)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>C Cash flow from financing activities</b>		
Proceeds from issue of equity share (including premium) upon exercise of options	1,918.36	1,520.42
Borrowing through Commercial Paper (net)	(21,977.50)	30,445.93
Share application money pending allotment	0.08	-
Interest paid	(3,960.40)	(2,715.41)
Dividend paid (including dividend distribution tax)	(11,964.50)	(11,039.03)
<b>Net cash from /(used in) financing activities</b>	<b>(35,983.96)</b>	<b>18,211.91</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(136.24)</b>	<b>(2,291.85)</b>
Cash & cash equivalents - opening	875.13	3,166.98
Cash & cash equivalents - closing	738.89	875.13
<b>Notes:</b>		
i The cash flow statement has been prepared under the 'Indirect Method' as set out in AS 3 - "Cash Flow Statement" and notified in Companies (Accounting standards) Rules, 2006 (as amended).		
ii Cash and bank balances as per note 2.15	1,172.90	1,254.33
Less: Bank balance comprise cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statement")	434.01	379.20
<b>Cash &amp; cash equivalents as shown in Cash Flow Statement</b>	<b>738.89</b>	<b>875.13</b>
iii Previous year's figures have been regrouped and rearranged wherever necessary.		

As per our attached report of even date

For and on behalf of

**Khimji Kunverji & Co.**

Chartered Accountants

Registration No. 105146W

For and on behalf of the Board of Directors

**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Nimesh Kampani**

Chairman

DIN - 00009071

**Vishal Kampani**

Managing Director

DIN - 00009079

**E A Kshirsagar**

Director

DIN - 00121824

**Place:** Mumbai

**Date:** May 2, 2017

**Prashant Choksi**

Company Secretary

**Manish Sheth**

Chief Financial Officer

# FORM AOC - 1

Pursuant to first proviso to sub-section (3) of Section 129 of the Act read with rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2017

## Part "A": Subsidiaries

(₹ / US\$ / SGD in Lakh)

Name of the Subsidiary	Currency	Share Capital	Reserves	Total assets including investments	Total liabilities <sup>a</sup>	Investments <sup>b</sup>	Turnover	Profit / (Loss) before Tax	Provision for tax	Profit / (Loss) after Tax	Proposed Dividend <sup>c</sup>	% of shareholding
JM Financial Institutional Securities Limited	₹	2,800.00	29,938.80	38,727.64	5,988.84	14,852.67	22,586.20	7,262.05	2,349.26	4,912.79	4,212.52	100.00%
JM Financial Investment Managers Limited	₹	180.00	11,344.96	12,342.02	817.06	6,852.18	260.07	(622.71)	7.73	(630.44)	-	100.00%
Infinite India Investment Management Limited	₹	160.00	756.81	1,052.51	135.70	1.72	179.49	(233.60)	-	(233.60)	-	100.00%
JM Financial Properties and Holdings Limited	₹	9,805.00	486.23	26,639.64	16,348.41	-	3,000.36	152.40	75.58	76.82	-	100.00%
CR Retail Malls (India) Limited	₹	2,000.00	1,036.34	11,068.61	8,032.27	787.50	2,005.32	433.35	104.53	328.82	-	100.00%
JM Financial Products Limited	₹	54,450.00	79,827.87	5,95,706.05	4,61,428.18	32,892.71	70,639.66	30,333.20	10,610.27	19,722.93	5,946.13	99.27%
JM Financial Services Limited	₹	5,000.00	25,433.15	1,86,803.50	1,56,370.35	1,075.40	32,355.39	5,270.74	1,710.85	3,559.89	1,203.58	100.00%
JM Financial Commtrade Limited	₹	2,350.00	(685.35)	3,068.50	1,403.85	624.00	906.58	714.11	104.00	610.11	-	100.00%
JM Financial Asset Management Limited	₹	5,884.17	16,259.23	23,403.98	1,260.58	17,512.06	8,928.89	5,742.52	1,315.80	4,426.72	-	53.47%
JM Financial Credit Solutions Limited	₹	249.95	1,41,076.65	5,69,114.05	4,27,787.45	-	78,835.88	42,477.49	14,752.81	27,724.68	-	50.01%
JM Financial Capital Limited	₹	20,000.00	36.41	22,177.50	2,141.09	3,100.00	697.45	39.06	4.01	35.05	-	100.00%
JM Financial Asset Reconstruction Company Limited [Refer Note (e)]	₹	24,125.00	33,851.86	1,81,027.11	1,23,050.25	1,63,540.32	22,385.94	8,379.20	2,892.11	5,487.09	-	50.01%
JM Financial Home Loans Limited [Refer Note (f)]	₹	1,200.00	0.26	1,203.14	2.88	-	15.94	0.39	0.13	0.26	-	99.27%
JM Financial Overseas Holdings Private Limited	₹*	7,780.63	7,689.44	15,492.07	22.00	8,103.89	576.94	32.31	29.92	2.39	-	100.00%
	US\$	120.00	118.59	238.93	0.34	124.99	8.60	0.48	0.44	0.04	-	
JM Financial Singapore Pte. Ltd.	₹*	3,292.06	(992.79)	2,566.59	267.32	-	3,108.47	1,659.78	270.70	1,389.08	-	100.00%
	SGD	71.00	(21.41)	55.35	5.76	-	64.14	34.25	5.59	28.66	-	
JM Financial Securities, INC	₹*	0.11	786.44	1,074.57	288.02	-	1,079.32	81.78	80.66	1.12	-	100.00%
	US\$	0.00	12.13	16.57	4.44	-	16.09	1.22	1.20	0.02	-	

\* Exchange rate as on March 31, 2017: 1 US Dollar US\$ = ₹ 64.84 and 1 SGD = ₹ 46.37

### Notes:

- Total liabilities exclude share capital and reserves.
- Investments exclude investment in subsidiaries under consolidation.
- Proposed dividend includes dividend distribution tax. As per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend recommended by the Board of Directors of respective companies for the year ended March 31, 2017.

## FORM AOC - 1

- d. Name of the subsidiary which has been wound up during the year – JM Financial Insurance Broking Private Limited was voluntarily wound up during the FY 2016-17.
- e. Consequent upon JM Financial Asset Reconstruction Company Limited (the ARC) becoming a subsidiary of the Company w.e.f. September 30, 2016, the figures in the balance sheet are consolidated on a line by line basis w.e.f. September 30, 2016 whereas the figures in the statement of profit and loss are consolidated on line by line basis w.e.f. October 1, 2016. The ARC was an “Associate” of the Company till September 30, 2016.
- f. JM Financial Home Loans Limited has been incorporated as a wholly owned subsidiary of JM Financial Products Limited, one of the Company’s subsidiaries.

## Statement containing salient features of the financial statement of subsidiaries/associate companies as on March 31, 2017

## Part “B”: Associate

(₹ in Lakh)

Particulars	JM Financial Trustee Company Private Limited
Latest audited Balance Sheet Date	March 31, 2017
<b>Shares of Associate held by the Company at the year end</b>	
Nos.	25,000
Amount Invested in Associate	2.50
Extent of Holding%	25.00%
Description of ownership to determine significant influence	Ownership of 20% or more of the voting power
Reason why the associate is not consolidated	Ownership of not more than 50 % of the voting Power and no control over the Board
Net worth attributable to shareholding as per latest audited Balance Sheet	708.24
Profit for the year	415.81
(i) Considered in Consolidation	103.95
(ii) Not Considered in Consolidation	311.86

## Note:

- 1) Significant influence has been determined as per Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements” specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

For and on behalf of the Board of Directors

**Nimesh Kampani**  
Chairman  
DIN – 00009071

**Vishal Kampani**  
Managing Director  
DIN – 00009079

**E A Kshirsagar**  
Director  
DIN - 00121824

**Prashant Choksi**  
Company Secretary

**Manish Sheth**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT

## To the Members of JM Financial Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of JM Financial Limited ("the Holding Company") and its subsidiaries, its associate, and partnership firm, (collectively hereinafter referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements" or the "CFS").

### Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Management and the Board of Directors are responsible for the preparation of these CFS in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective managements and the Board of Directors of the companies/entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the CFS by the management and the directors of the Holding Company as aforesaid.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on this CFS based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be

included in the audit report under the provisions of the Act and the rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the CFS are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the CFS. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the CFS, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the CFS that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's management and the Board of Directors, as well as evaluating the overall presentation of the CFS.
5. We believe that the audit evidence obtained by us and the audit evidences obtained by other auditors as stated in their report, referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the CFS.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid CFS give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, its consolidated profit and consolidated cash flows for the year ended on that date.

### Other Matter

7. We did not audit the financial statements/financial information of 13 subsidiaries, an associate and a partnership firm included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 14,448.76 crore as



# INDEPENDENT AUDITOR'S REPORT

at March 31, 2017, the total revenue of ₹ 2,208.93 crore and Net Cash outflow of ₹ 468.16 crore for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management of the Holding company. In so far as it relates to the amounts and disclosures included in respect of these Components of the Group in CFS, is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

8. As required by Section 143(3) of the Act, we further report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the CFS;
- b. In our opinion, proper books of account as required by law relating to preparation of the CFS have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of CFS;
- d. In our opinion, the CFS comply with the Accounting Standards specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over consolidated financial reporting of the Company and of the entities covered in the Group to which the provisions of Section 143(3) of the Act apply and the operating effectiveness of such controls, refer to our separate report in "Annexure A" attached herewith;

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the report of the auditors of the Covered Entities:

- (i) The CFS disclose the impact of pending litigations on the consolidated financial position of the Group; Refer Note 2.28 to the Consolidated Financial Statements;
- (ii) The Holding Company and the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and the Group;
- (iv) The requisite disclosures in the consolidated financial statements for holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 have been provided with respect to Holding Company and subsidiaries incorporated in India. Based on audit procedures, reliance on management representation and reports of the other auditors of subsidiaries incorporated in India as noted in the Other Matters paragraph, we report that the disclosures are in accordance with books of account and other records maintained by the Holding Company and subsidiaries incorporated in India and as produced to us by the Management of the Holding Company- Refer Note 2.40 to the consolidated financial statements.

For **Khimji Kunverji & Co**  
Chartered Accountants  
Firm Registration No. 105146W

Place: Mumbai  
Date: May 2, 2017

**Shivji K Vikamsey**  
Partner (F - 2242)

## INDEPENDENT AUDITOR'S REPORT

### **Annexure A referred to in paragraph 8(f) of our report of even date to the members of JM Financial Limited on the Consolidated Financial Statements of the Company for the year ended March 31, 2017**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of JM Financial Limited (the "Holding Company") and its Subsidiaries, a partnership firm and an Associate ("the components") (Collectively referred to as the "Group") as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the entities contained in the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's/ Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit

of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's/Group's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

Internal financial control over financial reporting is a process designed by the Company to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Further, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over

## INDEPENDENT AUDITOR'S REPORT

financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion and based on the reports of respective auditors of the components of the Group which are not audited by us, the Group has, in all material respects, an internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note.

### Other Matters Paragraph

We did not audit the financial statements of 13 subsidiaries and an associate included in the CFS; Our aforesaid report under Section

143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to these components is based solely on the reports of those respective auditors. Our opinion is not qualified in respect of this matter.

For **Khimji Kunverji & Co**  
Chartered Accountants  
Firm Registration No. 105146W

Place: Mumbai  
Date: May 2, 2017

**Shivji K Vikamsey**  
Partner (F - 2242)

# CONSOLIDATED BALANCE SHEET

as at March 31, 2017

(₹ in Crore)			
Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	79.45	78.90
Reserves & surplus	2.2	3,078.30	2,655.88
Capital reserve on consolidation		174.95	174.69
Minority interest		1,109.18	668.55
		<b>4,441.88</b>	<b>3,578.02</b>
<b>Share application money pending allotment</b>			
		#	-
<b>Non-current liabilities</b>			
Long term borrowings	2.3	4,064.39	2,472.41
Deferred tax liabilities (net)	2.4	68.32	85.29
Other long term liabilities	2.5	29.43	15.33
Long term provisions	2.6	66.57	64.00
		<b>4,228.71</b>	<b>2,637.03</b>
<b>Current liabilities</b>			
Short term borrowings	2.7	5,378.17	3,846.29
Trade payables	2.8	823.36	312.02
Current maturities of long term borrowings	2.9	1,359.05	352.04
Other current liabilities	2.10	317.78	245.55
Short term provisions	2.11	9.43	89.98
		<b>7,887.79</b>	<b>4,845.88</b>
<b>TOTAL</b>		<b>16,558.38</b>	<b>11,060.93</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.12		
Tangible assets	2.12A	372.58	331.66
Intangible assets	2.12B	8.86	7.53
Capital work-in-progress	2.12C	1.36	1.09
Goodwill on consolidation		105.66	105.26
Non-current investments	2.13	513.91	509.92
Long term loans and advances	2.14	6,428.02	4,803.88
		<b>7,430.39</b>	<b>5,759.34</b>
<b>Current assets</b>			
Current investments	2.15	1,958.07	261.81
Debt securities held as stock-in-trade	2.16	9.86	256.89
Assets held for arbitrage activities	2.17	120.47	59.14
Trade receivables	2.18	1,178.91	354.91
Cash and bank balances	2.19	869.06	1,265.05
Short term loans and advances	2.20	4,987.18	3,038.08
Other current assets	2.21	4.44	65.71
		<b>9,127.99</b>	<b>5,301.59</b>
<b>TOTAL</b>		<b>16,558.38</b>	<b>11,060.93</b>
Significant accounting policies and notes to financial statements	1 & 2		

# Denotes amount below ₹ 50,000/-

**As per our attached report of even date**
**For and on behalf of**
**Khimji Kunverji & Co**

Chartered Accountants

Registration No. 105146W

**For and on behalf of the Board of Directors**
**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Nimesh Kampani**

Chairman

DIN – 00009071

**Vishal Kampani**

Managing Director

DIN – 00009079

**E A Kshirsagar**

Director

DIN - 00121824

**Place:** Mumbai

**Date:** May 02, 2017

**Prashant Choksi**

Company Secretary

**Manish Sheth**

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(₹ in Crore)			
Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Income:</b>			
Revenue from operations	2.22	2,152.24	1,494.84
Other operating income	2.23	207.02	189.82
<b>Total Revenue</b>		<b>2,359.26</b>	<b>1,684.66</b>
<b>Expenses:</b>			
Employee benefits expense	2.24	305.81	263.91
Finance costs	2.25	781.96	512.09
Depreciation and amortisation expense	2.12	23.32	20.29
Other expenses	2.26	276.44	195.52
<b>Total Expenses</b>		<b>1,387.53</b>	<b>991.81</b>
<b>Profit before tax</b>		<b>971.73</b>	<b>692.85</b>
<b>Tax expense:</b>			
Current tax		343.75	224.48
Deferred tax		(8.50)	(2.03)
Tax adjustment of earlier years (net)		(0.41)	(0.01)
		<b>334.84</b>	<b>222.44</b>
<b>Profit for the year</b>		<b>636.89</b>	<b>470.41</b>
Add: Share in profit of associates		11.98	55.33
		<b>648.87</b>	<b>525.74</b>
<b>Less: Profit for the year attributable to :</b>			
Minority interest		178.67	125.28
<b>Owners of parent (Net consolidated profit for the year)</b>		<b>470.20</b>	<b>400.46</b>
<b>Earnings per equity share (EPS)</b>	2.31		
(face value of ₹ 1/- each)			
Basic EPS (in ₹)		5.93	5.08
Diluted EPS (in ₹)		5.89	5.04
<b>Significant accounting policies and notes to financial statements</b>	1 & 2		

As per our attached report of even date

For and on behalf of

**Khimji Kunverji & Co**

Chartered Accountants

Registration No. 105146W

**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Place:** Mumbai

**Date:** May 02, 2017

For and on behalf of the Board of Directors

**Nimesh Kampani**

Chairman

DIN – 00009071

**Prashant Choksi**

Company Secretary

**Vishal Kampani**

Managing Director

DIN – 00009079

**Manish Sheth**

Chief Financial Officer

**E A Kshirsagar**

Director

DIN – 00121824

# SIGNIFICANT ACCOUNTING POLICIES

and notes to Consolidated Financial Statements

## 1. Significant accounting policies

### 1.1 Basis of preparation of financial statements

The Consolidated Financial Statements (CFS) comprises the financial statements of JM Financial Limited ("the Company") and its subsidiary/associate companies and partnership firm (herein after referred to as "Group companies" and together as "Group"). The financial statements of the Group have been prepared on accrual basis under the historical cost convention and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with paragraph 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, to the extent applicable and the prevalent accounting practices in India.

### 1.2 Use of estimates

The preparation of financial statements is in conformity with Indian GAAP which require the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialised.

### 1.3 Principles of consolidation

The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis as per AS 21 - "Consolidated Financial Statements" by adding together similar items of assets, liabilities, income and expenses and after eliminating intra-group balances and transactions.

Investments in associate companies which have been accounted under the equity method as per AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The net profit of the subsidiaries for the year attributable to the share of minority interest is identified and adjusted against the income in the CFS in order to arrive at the net income attributable to the interest of members of the Company. Similarly, the amount attributable to the share of minority interest in net assets of consolidated subsidiaries

is identified and presented in the CFS, as part of members' fund.

The excess/deficit of cost to the Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognised in the CFS as goodwill/capital reserve on consolidation.

### 1.4 Revenue recognition

Revenue is recognised at the point when there is reasonable certainty of its ultimate realisation/collection.

Revenue from Investment Banking business, which mainly includes the lead manager's fees, selling commission, underwriting commission, fees for mergers, acquisitions & advisory assignments and arrangers' fees for mobilising funds is recognised when services for the transactions are determined to be completed or when specific obligations are determined to be fulfilled as set forth under the terms of engagement.

Management fee is recognized at specific rates agreed for the relevant schemes applied on the daily net assets of each scheme under the asset management segment.

Commission income for executing clients' transactions in the secondary market in 'Cash' and 'Futures and Options' segments are recognised on the trade date.

Brokerage earned from primary market operations, i.e., procuring subscription from investors for public offerings of companies are recorded on determination of the amount due to the company, once the allotment of securities is completed. Brokerage earned for mobilising bonds, fixed deposits for companies and funds for mutual funds from investors is recorded on monthly, quarterly or annual basis as set forth in terms of the engagement.

Income from structured products including processing fees, income from depository participant business and income from portfolio management services are recognised when the services are determined to be completed.

Income from bonds and debentures of corporate bodies and from Government securities/bonds are accounted on accrual basis.

# SIGNIFICANT ACCOUNTING POLICIES

and notes to Consolidated Financial Statements

Dividend income is recognised when the right to receive the dividend is established.

Interest income is recognised on accrual basis.

## 1.5 Fixed assets and depreciation

### Owned tangible assets

Tangible fixed assets are stated at original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises all costs incurred to bring the assets to their present location and working condition.

Depreciation on tangible fixed assets is provided, on a pro-rata basis for the period of use, on the Straight Line Method (SLM), based on useful life of the fixed assets, as prescribed in Schedule II to the Companies Act, 2013 or as per the assessment of the useful life done by the management.

The useful life of the assets is as per the following table:

Assets	Useful Life
Office premises	60 years
Leasehold building	60 years or lease period whichever is lower
Furniture and fixtures	10 years
Office equipments	5 years
Computers	3 years
Software	5 years
Servers and Networks	6 years
Leasehold improvements	10 years or lease period whichever is lower
Motor Vehicles	5 years

Assets costing ₹5,000/- or less are fully depreciated in the year of acquisition.

### Owned intangible assets

Intangible fixed assets are stated at cost of acquisition or internal generation, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of the intangible assets is allocated over the best estimate of its useful life on a straight line basis.

The Group capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life. Software is depreciated over management estimate of its useful life not exceeding 5 years.

### Leased assets

Assets acquired under finance lease are capitalised at the inception of lease at the fair value of the assets or present value of minimum lease payments whichever is lower. These assets are fully depreciated on a straight line basis over the lease term or its useful life whichever is shorter.

## 1.6 Impairment of assets

An asset is considered as impaired when on the balance sheet date there are indications of impairment in the carrying amount of the assets, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the assets net selling price and value in use). The carrying amount is reduced to the level of recoverable amount and the reduction is recognised as an impairment loss in the statement of profit and loss.

## 1.7 Investments

Investments are classified as non-current (long term) or current. Non-current investments are carried at cost, however, provision for diminution in the value of non-current investments is made to recognise a decline, other than temporary, in the value of investments. The provision for diminution in the value of the quoted non-current investments is made to recognise the decline at lower of cost or market value, determined on the basis of the quoted prices of individual investment. Provision for diminution in the value of unquoted non-current investments is made as per the management's estimate. Current investments are carried at lower of cost or fair value.

## 1.8 Securities held as a result of underwriting/stock-in-trade

The securities are valued at lower of cost or market value. Any reduction in the carrying amount of securities and any reversals of such reductions are charged or credited to the statement of profit and loss.

## 1.9 Employee benefits

### Defined contribution plan

The Group makes defined contribution to the provident fund, which is recognized in the statement of profit and loss on an accrual basis.



# SIGNIFICANT ACCOUNTING POLICIES

and notes to Consolidated Financial Statements

## Defined benefit plan

The Group's liabilities under the Payment of Gratuity Act, 1972 are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised in the statement of profit and loss as income or expense respectively. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields on the date of balance sheet on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

## Short-term employee benefits

Short-term employee benefits are recognised as expense at the undiscounted amount in the statement of profit and loss for the year in which the related services are rendered.

## 1.10 Taxation

Tax expense comprises current tax and deferred tax.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of Income Tax Act, 1961.

Deferred tax for timing difference between the book and tax profits for the year is accounted for, using the tax rates and laws that apply substantively as on the date of balance sheet. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future.

Deferred tax assets, in case of unabsorbed losses and unabsorbed depreciation, are recognised only if there is virtual certainty that such deferred tax asset can be realised against future taxable profits.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably or virtually certain, as the case may be, that sufficient future taxable income will be available.

## 1.11 Arbitrage activities

In the course of its arbitrage activities, the Group enters into transactions in the Cash-Future Arbitrage and the Index Arbitrage.

The Group has adopted the recognition and measurement principles enunciated in AS 30 – “Financial Instruments: Recognition & Measurement” to the extent it is not inconsistent with the Accounting Standards’ specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, for the arbitrage transactions of the Group, encompassing purchase of equity shares in the cash market and selling the same in the futures market, selling of equity shares borrowed under Securities Lending and Borrowing Segment and buying the same in futures market and sale/purchase of Nifty futures, sale/purchase of equity futures of Nifty scrips, sale/purchase of Nifty/equity stock options, etc. These are considered to be part of a portfolio of identified financial instruments that are managed as part of that group and are acquired principally for the purpose of selling/repurchasing in the near term, and hence these are treated as financial assets ‘held for trading’. Accordingly, if the net difference is a loss (being an unrealised loss), provision is made for the same in the statement of profit and loss and if the net difference is a gain (being an unrealised gain), credit is not taken for the same on the principle of prudence.

## 1.12 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to the statement of profit and loss.

## 1.13 Operating leases

Leases, where significant portion of risk and reward of ownership retained by the lessor, are classified as operating leases and lease rentals thereon are charged to the statement of profit and loss.

## 1.14 Employee stock option scheme

The stock options granted are accounted for as per the accounting treatment prescribed by the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 whereby the intrinsic value of the option

# SIGNIFICANT ACCOUNTING POLICIES

and notes to Consolidated Financial Statements

is recognised as deferred employee compensation. The deferred employee compensation is charged to the statement of profit and loss over the period of vesting. The employee stock option outstanding account, net of any unamortised deferred employee compensation, is shown separately as part of Reserves.

## 1.15 Foreign subsidiaries

The operations of foreign subsidiaries are considered as non-integral and have been converted in ₹ in the following manner:

Revenue and expenses: At the average exchange rate during the year.

All assets and liabilities: At the exchange rate prevailing at the end of the year.

The resultant translation exchange difference are transferred to currency translation reserve.

## 1.16 Foreign currency transactions

Transactions in foreign currency are recorded at rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. The resulting exchange gain/loss is reflected in the statement of profit and loss. Other non-monetary items, like fixed assets, investments in equity shares, are carried in terms of historical cost using the exchange rate at the date of transaction.

## 1.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities are possible but not probable obligations as on the balance sheet date, based on the available evidence. Provisions are recognised when there is a present obligation as a result of past event; and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date. Contingent assets are not recognised in the financial statements.

# NOTES

to Consolidated Financial Statements

## 2. Notes to financial statements

### 2.1 SHARE CAPITAL

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>Authorised:</b>		
100,00,00,000 (100,00,00,000) equity shares of ₹ 1/- each	100.00	100.00
<b>Issued and Subscribed Capital:</b>		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each		
<b>Paid up Capital:</b>		
79,45,25,114 (78,89,85,636) equity shares of ₹ 1/- each fully paid-up	79.45	78.90
<b>TOTAL</b>	<b>79.45</b>	<b>78.90</b>

#### Note a:

##### Reconciliation of the number of equity shares outstanding

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount (₹ Crore)	Number	Amount (₹ Crore)
Shares outstanding at the beginning of the year	78,89,85,636	78.90	78,37,23,677	78.37
Shares allotted upon exercise of stock options	55,39,478	0.55	52,61,959	0.53
Shares outstanding at the end of the year	<b>79,45,25,114</b>	<b>79.45</b>	<b>78,89,85,636</b>	<b>78.90</b>

#### Note b:

The Company has only one class of shares referred to as equity shares having a face value of ₹1/- each. Each holder of equity share is entitled to one vote per share.

#### Note c:

##### Shares in the Company held by each shareholder holding more than 5 percent shares

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of total Holding	No. of Shares held	% of total Holding
J. M. Financial & Investment Consultancy Services Private Limited	20,34,06,600	25.60%	20,34,06,600	25.78%
Nimesh Kampani*	13,53,57,500	17.04%	13,53,57,500	17.16%
J. M. Assets Management Private Limited	10,30,42,908	12.97%	10,22,68,408	12.96%

\* includes 12,50,000 equity shares (previous year 12,50,000 equity shares) held by Nimesh Kampani HUF

#### Note d:

During the last 5 financial years the company (i) has not issued any bonus shares (ii) has not issued shares for consideration other than cash (iii) has not bought back any of its shares.

## NOTES

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## 2.2 RESERVES &amp; SURPLUS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>Securities premium</b>		
Opening balance	343.39	328.71
Add: Addition of shares issued upon exercise of stock options by the Employees	18.63	14.68
<b>Closing balance</b>	<b>362.02</b>	<b>343.39</b>
<b>Capital reserve</b>	#	#
<b>Capital redemption reserve</b>		
Opening balance	15.72	15.72
Add: Transferred during the year	6.25	-
<b>Closing balance</b>	<b>21.97</b>	<b>15.72</b>
<b>General reserve</b>	<b>205.25</b>	<b>205.25</b>
<b>Statutory reserve (under Section 45-IC of The Reserve Bank of India Act, 1934)</b>		
Opening balance	285.90	189.92
Add: Transferred during the year	116.87	95.98
<b>Closing balance</b>	<b>402.77</b>	<b>285.90</b>
<b>Currency translation reserve</b>		
Opening balance	25.58	18.64
Add/(Less): Transferred during the year	(3.24)	6.94
<b>Closing balance</b>	<b>22.34</b>	<b>25.58</b>
<b>Stock Options Outstanding</b>		
Opening balance	20.25	21.02
Add/Less: Additions on account of options granted during the year	5.17	7.32
Less: Transferred to securities premium upon exercise of stock options	(8.11)	(7.42)
Less: Reduction on account of options lapsed during the year	(0.35)	(0.67)
<b>Closing balance</b>	<b>16.96</b>	<b>20.25</b>
Less : Deferred employee compensation	(5.98)	(8.28)
	<b>10.98</b>	<b>11.97</b>
<b>Surplus in statement of profit and loss:</b>		
Opening balance	1,768.07	1,597.08
Less: Transferred to minority interest	(0.08)	(0.08)
Add: Net consolidated profit for the year	470.20	400.46
<b>Amount available for appropriation</b>	<b>2,238.19</b>	<b>1,997.46</b>
Less: Appropriations		
Interim dividend	51.59	47.33
Proposed final dividend (refer note 2.39)	-	67.12
Dividend distribution tax		
by the Company	0.53	0.41
by the subsidiaries	9.98	18.55
Transferred to statutory reserve	116.87	95.98
Transferred to capital redemption reserve	6.25	-
	<b>185.22</b>	<b>229.39</b>
<b>Closing balance</b>	<b>2,052.97</b>	<b>1,768.07</b>
<b>TOTAL</b>	<b>3,078.30</b>	<b>2,655.88</b>

# Denotes amount below ₹ 50,000/-

## NOTES

to Consolidated Financial Statements

## 2.3 LONG TERM BORROWINGS

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans</b>		
Term loan from banks [refer note 2.3(i)]	1,968.99	1,324.36
Term loan from others [refer note 2.3(ii)]	-	25.00
Non-convertible debentures [refer note 2.3(iii)]	2,094.40	961.80
Less : Unamortised discount on non convertible debentures	(0.07)	-
Long term maturities of finance lease obligation (secured by way of hypothecation of vehicles)	1.07	1.25
	<b>4,064.39</b>	<b>2,312.41</b>
<b>Unsecured Loans</b>		
Inter corporate deposits[ refer note 2.3(iv) ]	-	160.00
	-	<b>160.00</b>
<b>TOTAL</b>	<b>4,064.39</b>	<b>2,472.41</b>

## Notes:

## (i) Term loan from banks

Term Loans are secured by way of floating pari passu charge, hypothecation on loans and advances given by the relevant subsidiary companies.

## Maturity profile and rate of interest of Term Loans from banks:

	Non-current		Current	
Rate of Interest	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
8.00 % to 9.00%	1,610.99	-	260.07	-
9.01 % to 10.00%	222.98	229.96	54.57	16.04
10.01 % to 11.00%	135.02	1,094.40	64.99	105.60
<b>TOTAL</b>	<b>1,968.99</b>	<b>1,324.36</b>	<b>379.63</b>	<b>121.64</b>

## (ii) Term loan from others

Term Loan was secured by way of floating pari passu charge, hypothecation on loans and advances given by the relevant subsidiary company.

## Maturity profile and rate of interest of Term Loans from others:

	Non-current		Current	
Rate of Interest	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
10.01 % to 11.00%	-	25.00	-	-
<b>TOTAL</b>	<b>-</b>	<b>25.00</b>	<b>-</b>	<b>-</b>

## NOTES

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## (iii) Maturity profile and rate of interest of Non-convertible debentures

Maturity profile and rate of interest/discounted rate of interest of Non-Convertible Debentures (NCD) face value of ₹ 1,000,000/- each:

(₹ in Crore)

Particulars	Non-Current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
0% NCD redeemable in year 2018-19*	278.00	3.00	-	-
0% NCD redeemable in year 2018-19*	3.00	3.00	-	-
10.2609 % NCD redeemable in year 2018-19	300.00	300.00	-	-
10.2946 % NCD redeemable in year 2018-19	100.00	100.00	-	-
8.40% NCD redeemable in year 2018-19	75.00	-	-	-
8.81% NCD redeemable in year 2018-19	100.00	-	-	-
8.88% NCD redeemable in year 2018-19	15.00	-	-	-
8.89% NCD redeemable in year 2018-19	95.00	-	-	-
9.7307 % NCD redeemable in year 2018-19	40.00	-	-	-
11.50% Tranche IV NCD redeemable in the year 2018- 19	50.00	-	-	-
9.40% Tranche VI NCD redeemable in year 2018-19	40.00	-	-	-
NCD redeemable in year 2018-19**	60.00	-	-	-
0% NCD redeemable in year 2019-20*	64.70	7.90	-	-
0% NCD redeemable in year 2019-20*	143.10	17.90	-	-
9.70 % NCD redeemable in year 2019-20	100.00	-	-	-
10.50 % NCD redeemable in year 2019-20	50.00	50.00	-	-
9.25 % NCD redeemable in year 2019-20	50.00	-	-	-
9.69 % NCD redeemable in year 2019-20	100.00	-	-	-
9.7665 % NCD redeemable in year 2019-20	10.00	-	-	-
9.78 % NCD redeemable in year 2019-20	7.50	-	-	-
13.00% NCD redeemable in the year 2019-20	30.00	-	-	-
NCD redeemable in year 2019-20**	5.00	-	-	-
0 % NCD redeemable in year 2020-21*	93.10	-	-	-
9.50% Tranche V NCD redeemable in the year 2020-21	150.00	-	-	-
9.00 % NCD redeemable in year 2021-22	10.00	-	-	-
9.20 % NCD redeemable in year 2021-22	70.00	-	-	-
9.50 % NCD redeemable in year 2021-22	25.00	-	-	-
9.70 % NCD redeemable in year 2021-22	30.00	30.00	-	-
9.55% NCD redeemable in year 2017-18	-	50.00	50.00	-
0% NCD redeemable in year 2017-18*	-	40.00	100.00	-
0% NCD redeemable in year 2017-18*	-	50.00	50.00	-
10.1674 % NCD redeemable in year 2017-18	-	75.00	75.00	-
10.1687 % NCD redeemable in year 2017-18	-	100.00	100.00	-
10.50 % NCD redeemable in year 2017-18	-	60.00	60.00	-
9.9756 % NCD redeemable in year 2017-18	-	75.00	75.00	-
8.75% NCD redeemable in year 2017-18***	-	-	177.00	-
12.00% Tranche II NCD redeemable in the year 2017-18	-	-	100.00	-
12.00% Tranche III NCD redeemable in the year 2017-18	-	-	100.00	-
NCD redeemable in year 2017-18**	-	-	92.50	-
NCD redeemable in year 2016-17**	-	-	-	5.50
11.38% NCD redeemable in year 2016-17	-	-	-	100.00
0% NCD redeemable in year 2016-17*	-	-	-	5.00
0% NCD redeemable in year 2016-17*	-	-	-	4.90
0% NCD redeemable in year 2016-17*	-	-	-	40.00
9.90% NCD redeemable in year 2016-17	-	-	-	50.00
0% NCD redeemable in year 2016-17*	-	-	-	25.00
<b>TOTAL</b>	<b>2,094.40</b>	<b>961.80</b>	<b>979.50</b>	<b>230.40</b>

\* Redeemable at premium

\*\* Market Linked Debentures (MLD)

\*\*\* Unsecured

## NOTES

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**(iv) Inter corporate deposits**

Maturity profile and rate of interest of Inter Corporate Deposits:

(₹ in Crore)

Rate of Interest	Non-current		Current	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
10.01 % to 11.00%	-	160.00	-	-
<b>TOTAL</b>	-	160.00	-	-

**2.4 DEFERRED TAX LIABILITIES (NET)**

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>Deferred tax liabilities:</b>		
On investments	110.19	110.18
On depreciation	4.98	2.18
	<b>115.17</b>	<b>112.36</b>
<b>Deferred tax assets:</b>		
On expenditure	43.26	25.86
On depreciation	3.59	1.21
	<b>46.85</b>	<b>27.07</b>
<b>TOTAL</b>	<b>68.32</b>	<b>85.29</b>

**2.5 OTHER LONG TERM LIABILITIES**

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Interest payable	14.94	1.79
Employee benefits payable	11.79	10.84
Property deposit	2.70	2.70
<b>TOTAL</b>	<b>29.43</b>	<b>15.33</b>

**2.6 LONG TERM PROVISIONS**

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
For employee benefits - gratuity	14.83	11.85
For clawback obligation	4.98	13.59
For standard assets [refer Note 2.6(i)]	46.76	38.56
<b>TOTAL</b>	<b>66.57</b>	<b>64.00</b>

**Note (i):**

To ensure that Non-Banking Financial Companies (NBFCs) create a financial buffer to protect them from the effect of economic downturns, the Reserve Bank of India (RBI) issued a Notification No. DNBS.222/CGM(US)-2011 dated January 17, 2011, as amended on timely basis, requiring all NBFCs to make a general provision of 0.35 per cent of the outstanding standard assets. The Group has created provision on standard assets as decided by the Board of Directors of respective NBFCs, and is in compliance with the aforesaid RBI notification.



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## 2.7 SHORT TERM BORROWINGS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans</b>		
Term loan from bank [refer Note 2.7(i)]	-	110.00
Borrowing under CBLO [refer Note 2.7(ii)]	-	242.85
Overdraft accounts/ Loans from banks [refer Note 2.7(iii)]	127.03	104.97
Cash credit facilities[refer Note 2.7(iv)]	223.70	181.57
	<b>350.73</b>	<b>639.39</b>
<b>Unsecured Loans</b>		
Commercial papers	5,002.60	3,162.50
Less : Unamortised discount on commercial papers	(139.75)	(102.24)
Inter corporate deposits	40.00	90.00
Borrowings under Securities lending and borrowings (SLB)	124.59	56.64
	<b>5,027.44</b>	<b>3,206.90</b>
<b>TOTAL</b>	<b>5,378.17</b>	<b>3,846.29</b>

### Notes:

- (i) Secured by way of a floating first pari passu charge, hypothecation on certain identified loans and advances given by the relevant subsidiary companies.
- (ii) Secured against government securities pledged with the Clearing Corporation of India Limited (CCIL).
- (iii) Secured by collaterals/fixed deposits with banks.
- (iv) Secured by way of hypothecation on certain identified loans and advances given by the relevant subsidiary companies.

## 2.8 TRADE PAYABLES

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Micro, Small and medium enterprises (see note (i) below)	-	-
Other than Micro, Small and medium enterprises	886.99	375.65
Less : Receivable from National Spot Exchange Limited (NSEL) on account of clients [see note (ii) below]	(63.63)	(63.63)
<b>TOTAL</b>	<b>823.36</b>	<b>312.02</b>

### Notes:

- (i) There are no dues payable to Micro and Small Enterprises, bases on the information available with the Company, and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not given.
- (ii) This amount is payable to the clients only if and to the extent the same is received from NSEL.

## 2.9 CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
<b>Secured Loans</b>		
Term loan from banks [refer note 2.3(i)]	379.63	121.64
Non-convertible debentures [refer note 2.3(iii)]	802.50	230.40
Less: Unamortised discount on non convertible debentures	(0.08)	-
	<b>1,182.05</b>	<b>352.04</b>
<b>Unsecured Loans</b>		
Non-convertible debentures [refer note 2.3(iii)]	177.00	-
<b>TOTAL</b>	<b>1,359.05</b>	<b>352.04</b>

# NOTES

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## 2.10 OTHER CURRENT LIABILITIES

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
Current maturities of finance lease obligations (secured by way of hypothecation of vehicles)	1.19	1.14
Interest accrued but not due on borrowings	144.18	69.91
Employee benefits payable	114.26	99.36
Amount collected on behalf of trusts	18.57	-
Statutory dues	14.20	10.06
Margin money from clients/franchisees	12.35	55.49
Income received in advance	6.42	1.71
Unclaimed dividend	2.09	1.70
Overdrawn bank balance	0.36	0.98
Security deposit	0.60	2.75
Other liabilities	3.56	2.45
<b>TOTAL</b>	<b>317.78</b>	<b>245.55</b>

## 2.11 SHORT TERM PROVISIONS

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>For employee benefits:</b>		
Gratuity	1.46	1.13
Compensated absences	7.97	6.59
<b>For standard assets</b>	-	0.49
<b>For proposed dividend</b> (refer note 2.39)		
by the Company	-	67.12
by the Subsidiaries	-	0.82
<b>For dividend distribution tax</b>		
by the Company	-	0.41
by the Subsidiaries	-	13.42
<b>TOTAL</b>	<b>9.43</b>	<b>89.98</b>

## NOTES

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## 2.12 FIXED ASSETS

Particulars	Gross block (At cost)				Depreciation / Amortisation				Net block	
	As at March 31, 2016	Additions for the year	Deduction for the year	Currency Fluctuation	As at March 31, 2016	Additions for the year	Deduction for the year	Currency Fluctuation	As at March 31, 2017	As at March 31, 2016
<b>A. TANGIBLE ASSETS</b>										
<b>Owned assets:</b>										
Land	0.26	-	0.03	-	0.29	-	-	-	0.29	0.26
Leasehold Building	63.57	-	-	-	63.57	1.06	-	-	8.67	55.96
Office premises	233.53	43.21	-	-	276.74	4.61	-	-	15.00	223.14
Leasehold improvements	24.58	2.14	2.16	(0.04)	28.35	3.78	0.62	(0.04)	20.01	8.35
Computers	38.45	3.50	0.97	(0.02)	32.01	3.54	0.67	(0.02)	22.87	9.14
Office equipments	29.54	1.92	0.46	(0.02)	31.08	1.84	0.31	(0.02)	25.79	5.29
Furniture and fixtures	42.18	6.03	0.07	(0.02)	47.31	3.90	0.05	(0.01)	19.40	25.87
Motor vehicles	3.25	1.60	-	0.46	4.39	0.36	-	0.46	1.46	1.69
<b>Leased assets:</b>										
Motor vehicles (Refer note (b) below)	5.62	0.85	0.85	1.72	5.60	1.31	0.52	1.70	3.57	2.03
<b>TOTAL (A)</b>	<b>440.98</b>	<b>59.25</b>	<b>4.54</b>	<b>15.33</b>	<b>489.34</b>	<b>20.40</b>	<b>2.17</b>	<b>15.02</b>	<b>116.76</b>	<b>331.66</b>
<b>B. INTANGIBLE ASSETS</b>										
Software	27.85	3.88	1.07	2.64	30.16	2.92	0.67	2.62	21.30	8.86
Stock exchange memberships	1.43	-	-	-	1.43	-	-	-	1.43	-
Stock exchange non-refundable deposits	0.09	-	-	-	0.09	0.09	-	-	0.09	-
<b>TOTAL (B)</b>	<b>29.37</b>	<b>3.88</b>	<b>1.07</b>	<b>2.64</b>	<b>31.68</b>	<b>2.92</b>	<b>0.67</b>	<b>2.62</b>	<b>22.82</b>	<b>8.86</b>
<b>TOTAL (A+B)</b>	<b>470.35</b>	<b>63.13</b>	<b>5.61</b>	<b>17.97</b>	<b>521.02</b>	<b>23.32</b>	<b>2.84</b>	<b>17.64</b>	<b>139.58</b>	<b>339.19</b>
Previous year	455.57	20.36	-	5.71	470.35	115.48	20.29	4.71	131.16	339.19
<b>C. CAPITAL WORK IN PROGRESS</b>										
									1.36	1.09

# Denotes amount below ₹50,000/-

- (a) Additions during the year due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited;
- (b) Vendor has lien over the assets taken on lease.

# NOTES

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## 2.13 NON-CURRENT INVESTMENTS

(₹ in Crore)

	As at March 31, 2017		As at March 31, 2016	
	Quantity	Amount	Quantity	Amount
<b>I TRADE INVESTMENTS</b>				
<b>(INVESTMENT IN GROUP COMPANIES)</b>				
<b>EQUITY SHARES (UNQUOTED)</b>				
JM Financial Asset Reconstruction Company Limited (refer note i below)		-	12,06,25,000	131.35
Add: Goodwill on acquisition of additional shares		-		0.39
		-		<b>131.74</b>
Add : Share in post acquisition profit		-		131.12
		-		<b>262.86</b>
JM Financial Trustee Company Private Limited	25,000	0.03	25,000	0.03
Add : Share in post acquisition profit		7.06		6.02
		<b>7.09</b>		<b>6.05</b>
<b>TOTAL (I)</b>		<b>7.09</b>		<b>268.91</b>
<b>II OTHER INVESTMENTS</b>				
<b>(Unquoted, unless otherwise stated)</b>				
<b>EQUITY SHARES</b>				
a) Quoted		29.60		36.77
b) Unquoted		56.93		57.94
		<b>86.53</b>		<b>94.71</b>
<b>PREFERENCE SHARES</b>		15.33		15.33
<b>DEBENTURES/BONDS</b>		347.34		70.00
<b>VENTURE CAPITAL FUND UNITS</b> (refer note ii below)				
Sponsored by the group		62.79		60.35
Others		10.71		9.63
<b>EQUITY ORIENTED MUTUAL FUND UNITS</b> (refer note iii below)		0.01		0.01
		<b>522.71</b>		<b>250.03</b>
Less: Provision for diminution in the value of investments		15.89		9.02
<b>TOTAL (II)</b>		<b>506.82</b>		<b>241.01</b>
<b>TOTAL (I+II)</b>		<b>513.91</b>		<b>509.92</b>

### Notes:

- JM Financial Asset Reconstruction Company Limited became a subsidiary w.e.f. September 30, 2016.
- Redemption of units of venture capital fund (Fund) is at the sole discretion of the trustees of the Fund. However, the contributor can transfer the units with prior approval of the trustees of the Fund.
- Includes investment in units of equity oriented mutual fund of ₹ 0.01 Crore (previous year ₹ 0.01 Crore) which represents initial contribution as a 'Sponsor' towards setting up of JM Financial Mutual Fund, which cannot be sold/ transferred.

## NOTES

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**2.14 LONG TERM LOANS AND ADVANCES**

(Unsecured, unless otherwise stated and considered good)

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
Capital advances	2.45	7.52
Security deposits	10.94	11.58
	<b>13.39</b>	<b>19.10</b>
<b>Other long term loans and advances:</b>		
Secured, considered good		
Loan funds	6,173.73	4,442.84
Unsecured, considered good		
Loan funds	2.84	-
Advance Tax (net of provisions)	224.10	240.32
Other deposits	13.24	100.46
Advances recoverable in cash or in kind or for value to be received	-	0.63
Prepaid expenses	0.50	0.34
Staff loans	0.22	0.19
	<b>6,414.63</b>	<b>4,784.78</b>
<b>TOTAL</b>	<b>6,428.02</b>	<b>4,803.88</b>

**2.15 CURRENT INVESTMENTS**

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
Security receipts	1,641.11	7.02
Mutual fund	280.66	141.30
Equity shares	49.48	6.84
Fixed coupon notes	-	81.21
Debentures and bonds	-	25.54
	<b>1,971.25</b>	<b>261.91</b>
Less: Provision for diminution in the value of investments	13.18	0.10
<b>TOTAL</b>	<b>1,958.07</b>	<b>261.81</b>

**2.16 DEBT SECURITIES HELD AS STOCK IN TRADE**

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>(At lower of cost or Market value)</b>		
Debt instruments [refer note (i) below]	9.86	256.89
<b>TOTAL</b>	<b>9.86</b>	<b>256.89</b>

**Notes:**

(i) Debt instruments include accrued interest of ₹ 0.18 Crore (Previous year ₹ 3.00 Crore).

**2.17 ASSETS HELD FOR ARBITRAGE ACTIVITIES**

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
Arbitrage assets [refer note (i) below]	120.47	59.14
<b>TOTAL</b>	<b>120.47</b>	<b>59.14</b>

**Notes:**

(i) Includes assets amounting to ₹ 59.68 Crore (Previous year ₹ 51.13 Crore) pledged towards margin.

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## 2.18 TRADE RECEIVABLES

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment:</b>		
Secured, considered good	0.10	0.02
Unsecured, considered good	12.58	-
Unsecured, considered doubtful	1.87	1.74
Less: Provision for doubtful debts	(1.87)	(1.74)
	<b>12.68</b>	<b>0.02</b>
<b>Trade receivables outstanding for a period less than six months from the date they are due for payment:</b>		
Secured, considered good	848.20	112.99
Unsecured, considered good	318.03	241.90
Unsecured, considered doubtful	0.03	0.08
Less: Provision for doubtful debts	(0.03)	(0.08)
	<b>1,166.23</b>	<b>354.89</b>
<b>TOTAL</b>	<b>1,178.91</b>	<b>354.91</b>

## 2.19 CASH AND BANK BALANCES

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>Cash and cash equivalents</b>		
Cash on hand	0.01	0.01
<b>Balances with banks:</b>		
In current accounts	140.67	67.14
In deposit accounts (less than 3 months maturity)	254.97	776.03
	<b>395.65</b>	<b>843.18</b>
<b>Other bank balances – in deposit accounts</b>		
Under lien against which facilities are availed [refer note (iii) below]	387.42	337.39
Under lien against which facilities are not availed [refer note (iii) below]	76.95	71.17
Other bank balances	9.04	13.31
	<b>473.41</b>	<b>421.87</b>
<b>TOTAL</b>	<b>869.06</b>	<b>1,265.05</b>
<b>Notes:</b>		
i. Balances with banks in deposit accounts (maturing after 12 months)	-	-
ii. Earmarked balances with banks (against unclaimed dividend)	2.09	1.70
iii. Balances with banks in deposit accounts to the extent held as margin money or security against the borrowings, guarantees and other commitments.	464.37	408.56

## 2.20 SHORT TERM LOANS AND ADVANCES

(Unsecured, unless otherwise stated and considered good)

	(₹ in Crore)	
	As at March 31, 2017	As at March 31, 2016
<b>Loan funds (secured)</b>		
Loan funds	4,262.97	2,327.53
Inter corporate deposits	573.48	435.90
Other deposits	3.00	162.00
Accrued Interest on loan funds	70.59	62.79
Advances recoverable in cash or kind or for value to be received	46.52	36.37
Prepaid expenses	23.28	8.75
Security deposits	5.02	4.02
Staff loans	2.09	0.57
	0.23	0.15
<b>TOTAL</b>	<b>4,987.18</b>	<b>3,038.08</b>

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## 2.21 OTHER CURRENT ASSETS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due	4.15	17.79
Securities held for settlement of claims	0.29	0.28
Redemption proceeds receivable from Mutual Fund	-	39.55
Interest on income tax refund receivable	-	8.09
<b>TOTAL</b>	<b>4.44</b>	<b>65.71</b>

## 2.22 REVENUE FROM OPERATIONS

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Fees and commission	390.79	315.76
Brokerage	161.42	134.68
Interest and other income on fund based activities	1,600.03	1,044.40
<b>TOTAL</b>	<b>2,152.24</b>	<b>1,494.84</b>

## 2.23 OTHER OPERATING INCOME

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income	91.07	97.42
Income from arbitrage activities	30.55	34.99
Profit on sale of investments (net)	55.71	6.09
Dividend income	5.75	30.64
Miscellaneous income	23.94	20.68
<b>TOTAL</b>	<b>207.02</b>	<b>189.82</b>

## 2.24 EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, bonus and allowances	289.44	250.90
Contribution to provident fund and other funds	9.36	7.62
Gratuity	3.67	2.91
Staff welfare	3.34	2.48
<b>TOTAL</b>	<b>305.81</b>	<b>263.91</b>

## 2.25 FINANCE COSTS

(₹ in Crore)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense	780.17	510.42
Other borrowing cost	1.33	0.86
Finance charges on leased assets	0.46	0.81
<b>TOTAL</b>	<b>781.96</b>	<b>512.09</b>

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## 2.26 OTHER EXPENSES

	(₹ in Crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Sub-brokerage, fees and commission	92.26	77.04
Rates and taxes	22.37	9.99
Provision for diminution in value of investments (net)	20.05	0.10
Legal and professional fees	19.36	11.16
Donation	14.09	10.49
Rent	12.60	11.66
Provision for bad & doubtful debts and assets written off	12.52	2.28
Information technology expenses	10.84	8.16
Manpower expenses	10.20	8.82
Membership and subscriptions	7.94	7.55
Provision for standard assets	7.71	7.97
Travelling, hotel and conveyance expenses	7.30	6.61
Electricity expenses	4.18	4.21
Repairs and maintenance	3.82	4.79
Insurance expenses	3.71	3.59
Communication expenses	3.58	3.35
Directors' commission	3.03	1.60
Advertisement and other related expenses	2.21	1.99
Loss on sale of investments	2.11	-
Fund expenses	2.04	1.45
Printing and stationery	1.81	1.97
Auditors' remuneration	1.66	1.62
Loss on sale of assets	0.29	0.07
Business conference and seminar expenses	0.14	0.73
Miscellaneous expenses	10.62	8.32
<b>TOTAL</b>	<b>276.44</b>	<b>195.52</b>



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## 2.27 A) ENTITIES INCLUDED IN CONSOLIDATION

Name of the Entity	Country of incorporation	Proportion of interest as on March 31, 2017 (%)	Proportion of interest as on March 31, 2016 (%)
<b>Subsidiaries in India</b>			
JM Financial Institutional Securities Limited	India	100.00	100.00
JM Financial Investment Managers Limited	India	100.00	100.00
Infinite India Investment Management Limited	India	100.00	100.00
JM Financial Insurance Broking Private Limited [refer note (i)]	India	-	100.00
JM Financial Properties and Holdings Limited	India	100.00	100.00
JM Financial Services Limited	India	100.00	100.00
JM Financial Commtrade Limited	India	100.00	100.00
CR Retail Malls (India) Limited	India	100.00	100.00
JM Financial Capital Limited	India	100.00	100.00
JM Financial Products Limited [refer note (ii)]	India	99.27	98.49
JM Financial Credit Solutions Limited	India	50.01*	50.01*
JM Financial Asset Management Limited	India	53.47	53.47
JM Financial Asset Reconstruction Company Limited [refer note (iii)]	India	50.01	50.00
JM Financial Home Loans Limited [refer note (iv)]	India	99.27	-
<b>Partnership Firm in India</b>			
Astute Investments	India	100.00	100.00
<b>Subsidiaries outside India</b>			
JM Financial Overseas Holdings Private Limited	Mauritius	100.00	100.00
JM Financial Singapore Pte. Ltd.	Singapore	100.00	100.00
JM Financial Securities, Inc	USA	100.00	100.00
<b>Associates</b>			
JM Financial Trustee Company Private Limited	India	25.00	25.00

\*includes Preference shares

### Notes:

- JM Financial Insurance Broking Private Limited was voluntarily wound up during the FY 2016-17.
- Aggregate shareholding in JM Financial Products Limited increased from 98.49% to 99.27% consequent upon the acquisition of 42,39,700 equity shares of JM Financial Products Limited.
- Consequent upon JM Financial Asset Reconstruction Company Limited (the ARC) becoming a subsidiary of the Company w.e.f. September 30, 2016, the figures in the balance sheet are consolidated on a line by line basis w.e.f. September 30, 2016 whereas the figures in the statement of profit and loss are consolidated on line by line basis w.e.f. October 1, 2016. The ARC was an "Associate" of the Company till September 30, 2016.
- JM Financial Home Loans Limited has been incorporated as a wholly owned subsidiary of JM Financial Products Limited, one of the Company's subsidiaries. JM Financial Home Loans Limited has made an application to the National Housing Bank for obtaining the registration to carry on the business of housing finance activity particularly in affordable segment.

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## B) Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates.

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	Amount ₹ in Crore	As % of consolidated net assets*	Amount ₹ in Crore	As % of consolidated profit or loss
<b>Parent</b>				
JM Financial Limited	20.77	0.48%	(7.47)	(1.15%)
<b>Subsidiaries in India</b>				
JM Financial Institutional Securities Limited	214.44	4.95%	49.13	7.57%
JM Financial Investment Managers Limited	71.51	1.65%	(6.30)	(0.97%)
Infinite India Investment Management Limited	9.17	0.21%	(2.34)	(0.36%)
JM Financial Properties and Holdings Limited	102.91	2.37%	0.77	0.12%
JM Financial Services Limited	86.77	2.00%	32.40	4.99%
JM Financial Commtrade Limited	16.10	0.37%	3.97	0.61%
CR Retail Malls (India) Limited	23.76	0.55%	5.12	0.79%
JM Financial Products Limited	1,225.90	28.27%	194.24	29.94%
JM Financial Credit Solutions Limited	706.77	16.30%	138.65	21.37%
JM Financial Asset Reconstruction Company Limited [refer note A (iii)]	289.94	6.69%	16.50	2.54%
JM Financial Asset Management Limited	118.40	2.73%	23.67	3.65%
JM Financial Capital Limited	200.36	4.62%	0.35	0.05%
JM Financial Home Loans Limited	12.00	0.28%	0.00	0.00%
<b>Partnership Firm in India</b>				
Astute Investments	1.36	0.03%	5.34	0.82%
<b>Subsidiaries outside India</b>				
JM Financial Overseas Holdings Private Limited	89.87	2.07%	(8.75)	(1.35%)
JM Financial Singapore Pte. Ltd.	22.07	0.51%	12.98	2.00%
JM Financial Securities, Inc	7.86	0.18%	(0.04)	(0.01%)
<b>Associates</b>				
JM Financial Asset Reconstruction Company Limited [refer note A (iii)]	-	-	10.94	1.69%
JM Financial Trustee Company Private Limited	7.08	0.16%	1.04	0.16%
	<b>3,227.04</b>	<b>74.42%</b>	<b>470.20</b>	<b>72.46%</b>
<b>Minority Interests in all subsidiaries</b>	<b>1,109.18</b>	<b>25.58%</b>	<b>178.67</b>	<b>27.54%</b>
	<b>4,336.22</b>	<b>100.00%</b>	<b>648.87</b>	<b>100.00%</b>

\*Net Assets have been arrived at after excluding inter company adjustments and Goodwill on consolidation.

### 2.28 CONTINGENT LIABILITY, PROVISIONS AND PENDING LITIGATIONS

- Contingent liability in respect of income tax demands for various years disputed in appeal is ₹34.85 Crore (previous year ₹29.73 Crore).  
Disputed demands of service tax authorities is ₹ 1.27 Crore (previous year ₹ 0.31 Crore).
- The Group at the year end, as a process, reviews and ensures to make adequate provisions for material foreseeable losses, if any, on all long term contracts, including derivative contracts.
- The Group evaluates the impact of the pending litigations as at the date of the balance sheet and provides for or discloses its existence in the financial statements in terms of provisions of applicable accounting standards.

### 2.29 CAPITAL COMMITMENTS

The estimated amount of contracts remaining to be executed on capital account and not provided for is ₹ 5.93 Crore (previous year ₹ 36.72 Crore).

Uncalled liability on account of commitment to subscribe to investment is ₹ 1.40 Crore (previous year ₹ 3.60 Crore).

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## 2.30 EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Employee Stock Option Scheme ("the Scheme") provides for grant of stock options to the eligible employees and/or directors ("the Employees") of the Company and/or its subsidiaries. The Stock Options are granted at an exercise price, which is either equal to the fair market price or at a premium, or at a discount to market price as may be determined by the Nomination and Remuneration Committee of the Board of the Company.

During the financial year 2016-17, the Nomination and Remuneration Committee of the Board has granted stock options under Series 9, to the Employees that will vest in a graded manner and which can be exercised within a specified period. The Committee has granted 12,55,515 Options (previous year 14,44,440 Options) at an exercise price of ₹ 1/- per option to the Employees.

The details of options are as under:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Outstanding at the beginning of the year	1,04,61,226	2,40,49,622
Add: Granted during the year	12,55,515	14,44,440
Less: Exercised and shares allotted during the year	55,39,478	52,61,959
Less: Exercised but pending allotment	8,000	Nil
Less: Forfeited/cancelled during the year	Nil	Nil
Less: Lapsed during the year	1,01,969	97,70,877
Outstanding at end of year	60,67,294	1,04,61,226
Exercisable at end of year	25,99,203	52,27,612

The Group follows intrinsic value based method of accounting for determining compensation cost for its stock-based compensation scheme.

The estimated fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer. The model inputs the share price at respective grant dates, exercise price of ₹ 1/-, volatility of 51.38% (previous year 55.42%), dividend yield of 3.55% (previous year 2.62%), Life of options 7 years (previous year 7 years), and a risk-free interest rate of 7.80% (previous year: 8%).

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:

% of Options to be vested	No. of options granted		Vesting date		Fair value per option (₹)	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
33.33%	4,18,505	4,81,480	May 12, 2017	April 16, 2016	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2018	April 16, 2017	32.33	42.20
33.33%	4,18,505	4,81,480	May 12, 2019	April 16, 2018	32.33	42.20
	12,55,515	14,44,440				

Based on the valuation report applying Black-Scholes-Merton model, the expense arising from stock option scheme on the basis of fair value method of accounting is ₹ 4.33 Crore (previous year ₹ 6.56 Crore). Accordingly, had the compensation been determined using the fair value method instead of intrinsic value, the Company's net profit would have been higher by ₹ 2.78 Crore (previous year higher by ₹ 0.81 Crore) and accordingly basic and diluted earnings per share as reported would have been adjusted after giving effect to the stock-based employee compensation amount as under:

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Particulars	As reported		As adjusted	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Net profit (₹ in Crore)	470.20	400.46	472.98	401.27
Basic earnings per share (in ₹)	5.93	5.08	5.96	5.09
Diluted earnings per share (in ₹)	5.89	5.04	5.92	5.05

Details of options granted under various series are as under:

	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8	Series 9
Grant date	21/04/2010	21/04/2011	16/04/2012	06/05/2013	01/04/2014	16/04/2015	12/05/2016
Options granted	37,50,000	75,00,000	73,02,669	36,45,774	44,85,267	14,44,440	12,55,515
Options exercised till March 31, 2017	19,55,000	66,20,122	62,42,297	26,90,487	22,06,750	3,05,081	N.A.
Options forfeited/ cancelled till March 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed till March 31, 2017	10,00,000	7,56,734	7,21,857	3,76,054	3,54,527	87,462	Nil
Outstanding at end of year	7,95,000	1,23,144	3,38,515	5,79,233	19,23,990	10,51,897	12,55,515
Exercisable at end of year	7,95,000	1,23,144	3,38,515	5,79,233	6,02,898	1,60,413	N.A.
Vesting of options	1/3rd Options each on completion of third, fourth and fifth year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options	1/3rd Options each on completion of first, second and third year from the date of grant of options
Exercise period	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant	Within 7 years from the date of grant
Exercise price (refer note[i] below)	₹ 54.80	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00	₹ 1.00
Pricing formula	As was determined by the Compensation Committee at its meeting held on April 19, 2010	As was determined by the Compensation Committee at its meeting held on April 21, 2011	As was determined by the Compensation Committee at its meeting held on April 16, 2012	As was determined by the Compensation Committee at its meeting held on May 6, 2013	As was determined by the Compensation Committee at its meeting held on March 25, 2014	As was determined by the Nomination and Remuneration Committee at its meeting held on April 16, 2015	As was determined by the Nomination and Remuneration Committee at its meeting held on May 12, 2016

Notes:

- Additionally, an aggregate amount of ₹ 7.11 Crore being the difference between the exercise price and market price on the date of grant has been reimbursed by the subsidiary companies with which the eligible employees are/were employed/associated.
- In respect of Series 1 and 2, as no options were outstanding as on March 31, 2017, the details of options granted has not been included above.

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## 2.31 EARNINGS PER SHARE (EPS)

Earnings per share are calculated as under:

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Net consolidated Profit (₹ in Crore)	A	470.20	400.46
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Basic earnings per share (in ₹)	A/B	5.93	5.08
Weighted average number of equity shares outstanding during the year for calculating basic earnings per share (Nos.)	B	79,30,45,604	78,81,49,593
Add: Weighted average number of potential equity shares on account of employee stock options	C	58,02,255	64,84,504
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (Nos.)	D = B + C	79,88,47,859	79,46,34,097
Diluted earnings per share (in ₹)	A/D	5.89	5.04

## 2.32 LEASE TRANSACTION

### Finance lease

The Group has acquired vehicles under finance lease agreement. The tenure of lease agreements ranges between 36 and 60 months with an option for prepayments/foreclosure.

The minimum lease rentals outstanding with respect to these assets are as under:

Particulars	(₹ in Crore)					
	Total minimum lease payment outstanding as at March 31, 2017	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2017	Total minimum lease payment outstanding as at March 31, 2016	Lease finance charges not due	Present value of the minimum lease payment as at March 31, 2016
Not later than 1 year	1.50	0.31	1.19	1.50	0.36	1.14
Later than 1 year but not later than 5 years	1.29	0.22	1.07	1.52	0.27	1.25
Later than 5 years	-	-	-	-	-	-
<b>TOTAL</b>	<b>2.79</b>	<b>0.53</b>	<b>2.26</b>	<b>3.02</b>	<b>0.63</b>	<b>2.39</b>

### Operating lease

- i. The Group had taken assets under operating lease for the periods ranging between 22 months and 86 months. The same were non-cancellable for an initial period ranging between 11 months and 86 months.

The minimum lease rentals outstanding with respect to these assets are as under:

Particulars	(₹ in Crore)	
	Total lease payments outstanding as at March 31, 2017	Total lease payments outstanding as at March 31, 2016
Not later than 1 year	5.05	5.11
Later than 1 year but not later than 5 years	7.69	2.22
Later than 5 years	0.12	-
Expenditure debited to the statement of profit and loss	5.41	5.71

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- ii. The Group had taken certain assets (premises and furniture & fixtures) on cancellable operating lease for a period ranging from 11 months to 108 months. Lease payment recognised in the statement of profit and loss for the year in respect thereof aggregates ₹ 7.19 Crore (previous year ₹ 5.95 Crore).

## 2.33 SEGMENTAL REPORTING

### I. Business segment

The Group has four reportable segments, namely, Investment banking & securities business, fund based activities, alternative asset management and asset management.

Segment	Principal activities
Investment banking & securities business	Investment banking and securities business includes advisory and execution services of diverse nature to corporates, institutions, governments and government owned corporations, banks, offering wealth advisory services and distribution of financial products in an open architecture environment to retail investors/ High Networth Individuals (HNIs) through a large network of franchisees and Independent Financial Distributors (IFDs).
Fund based activities	Fund based activities include providing finance against securities/commercial real estate to a diverse range of corporates and non-corporate clients. It also includes trading in corporate bonds and government securities as well as identifying, acquiring and selling down debt assets through a range of structured products. Fund based activities also include securitisation and reconstruction of financial assets.
Alternative asset management	Alternative asset management includes managing funds of institutional and large non-institutional investors raised under various schemes for investments under mandated charter such as private equity and real estate fund.
Asset management	Asset management includes managing mutual fund assets through several schemes, offering a range of investment options to a large number of investors.

The segment wise details are attached as Annexure 'I'.

### II. Geographical segment

The Group does not have any reportable geographical segment.

**2.34** Disclosure in respect of related parties is attached as Annexure 'II'.

**2.35** Statement of consolidated cash flow is attached as Annexure 'III'.

**2.36** The Group does not enter into any foreign currency derivative transactions for hedge or speculation.

**2.37** The notes to and disclosures in consolidated financial statements are being made in accordance with provisions of applicable Accounting Standard (AS-21 para 6) and General circular No. 39/2014 dated 14th October, 2014 issued by Ministry of Corporate Affairs - Government of India.

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**2.38** The Group has spent ₹ 11.41 Crore (previous year ₹ 7.77 Crore) towards Corporate Social Responsibility activities as per Section 135 of the Companies Act, 2013 read with Schedule VII thereto.

(₹ in Crore)

	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Holding Company and its subsidiaries*	Associates	Total	Holding Company and its subsidiaries	Associates	Total
a) Gross amount required to be spent by the Group during the year.	11.36	-	11.36	6.35	1.38	7.73
b) Amount spent during the year:						
In cash	11.41	-	11.41	6.39	1.38	7.77
Yet to be paid in cash	-	-	-	-	-	-
Total	11.41	-	11.41	6.39	1.38	7.77
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	11.41	-	11.41	6.39	1.38	7.77

\* JM Financial Asset Reconstruction Company Limited became a subsidiary of the Company w.e.f. September 30, 2016.

**2.39** The Board of Directors of the Company has recommended a final dividend of ₹ 0.85 per equity share for the year ended March 31, 2017 (previous year ₹ 0.85 per equity share). The said dividend will be paid after the approval of shareholders at the thirty second Annual General Meeting. During the previous year, the Company had made a provision for the dividend recommended by the Board of Directors as per the requirements of pre-revised Accounting Standard 4 – 'Contingencies and Events Occurring after the Balance sheet date' (AS 4). However, as per the requirements of revised AS 4, the Company is not required to provide for dividend proposed after the balance sheet date. Consequently, no provision has been made in respect of the aforesaid dividend recommended by the Board of Directors for the year ended March 31, 2017. Had the Company continued with creation of provision for proposed dividend, as at the balance sheet date, its surplus in Statement of Profit and Loss would have been lower by ₹ 87.31 crore and Short Term Provision would have been higher by ₹ 87.31 crore (including dividend distribution tax of ₹ 19.22 crore).

**2.40** Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016.

	SBNs (₹)	Other denomination notes (₹)	Total (₹)
<b>Closing cash in hand as on 08.11.2016</b>	<b>1,84,500</b>	<b>6,93,306</b>	<b>8,77,806</b>
(+) Permitted receipts	-	13,19,500	13,19,500
(-) Permitted payments	-	9,78,520	9,78,520
(-) Amount deposited in Banks	1,84,500	26,086	2,10,586
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>10,08,200</b>	<b>10,08,200</b>

**2.41** Figures of the previous year have been regrouped/reclassified /rearranged wherever necessary to correspond with those of the current year's classification/disclosures.

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to Consolidated Financial Statements

## Annexure 'I' to note 2.33

Disclosure in respect of segment reporting pursuant to AS 17 on 'Segment Reporting'

(₹ in Crore)		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Segment revenue</b>		
A Investment banking and securities business	638.75	494.69
B Fund based activities	1,625.02	1,078.93
C Alternative asset management	4.40	12.85
D Asset management	89.29	85.54
E Others	213.01	193.97
<b>Total segment revenue</b>	<b>2,570.47</b>	<b>1,865.98</b>
Less: Inter-segmental revenue	(211.21)	(181.32)
<b>Total revenue</b>	<b>2,359.26</b>	<b>1,684.66</b>
<b>Segment results</b>		
A Investment banking and securities business	143.69	79.44
B Fund based activities	778.75	548.60
C Alternative asset management	(8.56)	4.38
D Asset management	57.43	56.34
E Others	0.42	4.09
<b>Total segment results</b>	<b>971.73</b>	<b>692.85</b>
	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Segment assets</b>		
A Investment banking and securities business	2,409.91	1,378.16
B Fund based activities	13,136.66	8,494.78
C Alternative asset management	89.72	99.57
D Asset management	241.12	196.77
E Unallocated	575.31	786.39
<b>Total segment assets</b>	<b>16,452.72</b>	<b>10,955.67</b>
<b>Segment liabilities</b>		
A Investment banking and securities business	1,771.07	817.66
B Fund based activities	9,895.90	5,936.43
C Alternative asset management	9.04	16.51
D Asset management	12.61	13.56
E Unallocated	427.88	698.75
<b>Total segment liabilities</b>	<b>12,116.50</b>	<b>7,482.91</b>
	<b>For the year ended March 31, 2017</b>	<b>For the year ended March 31, 2016</b>
<b>Capital expenditure incurred during the year</b>		
A Investment banking and securities business	7.23	10.58
B Fund based activities	4.54	2.21
C Alternative asset management	0.18	0.12
D Asset management	1.40	5.17
E Unallocated	50.06	1.68
<b>Total capital expenditure</b>	<b>63.41</b>	<b>19.76</b>
<b>Depreciation/amortisation for the year</b>		
A Investment banking and securities business	7.49	7.12
B Fund based activities	2.93	1.64
C Alternative asset management	0.06	0.04
D Asset management	1.71	1.33
E Unallocated	11.13	10.16
<b>Total depreciation/amortisation</b>	<b>23.32</b>	<b>20.29</b>



# NOTES

to Consolidated Financial Statements

## Annexure 'II' to Note 2.34

### Disclosure in respect of related parties pursuant to AS 18 on 'Related Party Disclosure'

#### I. List of related parties

Parties (other than where control exists) with whom the Company/Subsidiaries have entered into transactions during the year:

#### A Associates

JM Financial Asset Reconstruction Company Limited (ARC) (Upto September 30, 2016)  
JM Financial Trustee Company Private Limited (Trustee)

#### B Key management personnel

Mr. Vishal Kampani (VNK)

#### C Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person

Mr. Nimesh Kampani (NNK)  
Ms. Aruna N Kampani (ARNK)  
Ms. Amishi Kampani (AMNK)

#### D Relatives of key management personnel

Mr. Nimesh Kampani (NNK)  
Ms. Aruna N Kampani (ARNK)  
Ms. Amishi Kampani (AMNK)

#### E Enterprise over which relative of key management personnel is able to exercise significant influence

J.M. Financial & Investment Consultancy Services Private Limited (JMFICS)  
J.M. Assets Management Private Limited (JM Assets)  
JSB Securities Limited (JSB)  
Kampani Consultants Limited (KCL)  
Persepolis Investment Company Private Limited (PICPL)  
SNK Investments Private Limited (SNK)  
Kampani Properties & Holdings Limited (KPHL)  
Capital Market Publishers India Private Limited (CMPL)  
Financial Engineering Solutions Pvt. Ltd.

# NOTES

to Consolidated Financial Statements

## II. Related party relationships have been identified by the management and relied upon by the auditors.

### Related Party Disclosures:

(₹ in Crore)

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>ICD taken from</b>										
Trustee	-	5.00	-	-	-	-	-	-	-	5.00
<b>ICD placed with</b>										
ARC	194.71	669.00	-	-	-	-	-	-	194.71	669.00
<b>ICD repaid by</b>										
ARC	242.46	507.00	-	-	-	-	-	-	242.46	507.00
<b>Investments Purchased from</b>										
ARC	-	25.75	-	-	-	-	-	-	-	25.75
<b>Employee related transfers to</b>										
ARC	-	0.53	-	-	-	-	-	-	-	0.53
JMFICS	-	-	-	-	-	-	0.39	0.39	0.39	0.39
<b>Interest income on ICD from</b>										
ARC	10.73	16.88	-	-	-	-	-	-	10.73	16.88
<b>Interest paid on ICD from</b>										
Trustee	1.54	1.23	-	-	-	-	-	-	1.54	1.23
<b>Secondary brokerage received from</b>										
JMFICS	-	-	-	-	-	-	0.05	0.09	0.05	0.09
KCL	-	-	-	-	-	-	-	0.01	-	0.01
PICPL	-	-	-	-	-	-	-	0.01	-	0.01
JM Assets	-	-	-	-	-	-	0.01	0.07	0.01	0.07
Trustee	-	#	-	-	-	-	-	-	-	#
Others	-	-	-	-	-	#	-	#	-	#
<b>Recovery of expenses from</b>										
ARC	0.34	0.60	-	-	-	-	-	-	0.34	0.60
JMFICS	-	-	-	-	-	-	-	-	-	-
<b>Reimbursement of expenses to</b>										
JMFICS	-	-	-	-	-	-	0.07	0.08	0.07	0.08
CMPL	-	-	-	-	-	-	0.03	0.03	0.03	0.03
<b>Remuneration paid to</b>										
NNK	-	-	-	5.79	-	-	3.10	-	3.10	5.79
VNK	-	-	12.52	-	-	8.50	-	-	12.52	8.50
AMNK	-	-	-	-	0.32	0.68	-	-	0.32	0.68
<b>Dividend paid to</b>										
JMFICS	-	-	-	-	-	-	30.51	28.48	30.51	28.48
J.M. Assets	-	-	-	-	-	-	15.37	14.32	15.37	14.32
JSB	-	-	-	-	-	-	0.98	0.91	0.98	0.91
PICPL	-	-	-	-	-	-	0.25	0.23	0.25	0.23
KCL	-	-	-	-	-	-	0.10	0.10	0.10	0.10
SNK	-	-	-	-	-	-	1.75	1.63	1.75	1.63

## NOTES

to Consolidated Financial Statements

	Associates		Key Management Personnel		Relatives of Key Management Personnel		Individual exercising control or significant influence by way of voting power in reporting enterprise and relatives of any such person		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
NNK	-	-	-	18.95	-	-	20.30	-	20.30	18.95
ARNK	-	-	-	-	5.77	5.38	-	-	5.77	5.38
VNK	-	-	1.52	-	-	1.39	-	-	1.52	1.39
AMNK	-	-	-	-	1.20	1.12	-	-	1.20	1.12
<b>Rent income from</b>										
ARC	1.02	2.05	-	-	-	-	-	-	1.02	2.05
<b>Rent paid to</b>										
JMFICS	-	-	-	-	-	-	1.36	1.36	1.36	1.36
KCL	-	-	-	-	-	-	0.05	0.05	0.05	0.05
JSB	-	-	-	-	-	-	1.10	-	1.10	-
<b>Subscription charges paid to</b>										
CMPL	-	-	-	-	-	-	0.01	0.01	0.01	0.01
<b>Support service fees received from</b>										
ARC	0.90	1.80	-	-	-	-	-	-	0.90	1.80
<b>Support service fees paid to</b>										
JMFICS	-	-	-	-	-	-	0.74	0.74	0.74	0.74
<b>Demat charges received from</b>										
Others	-	-	-	#	-	#	-	-	-	#
<b>Property deposit paid</b>										
JSB	-	-	-	-	-	-	1.20	-	1.20	-
<b>Property deposit refund</b>										
JSB	-	-	-	-	-	-	0.60	-	0.60	-
<b>Property deposits received from</b>										
NNK	-	-	-	-	-	-	0.60	-	0.60	-
<b>Balance outstanding at the year end</b>										
<b>Property deposit (paid)</b>										
JSB	-	-	-	-	-	-	0.60	-	0.60	-
JMFICS	-	-	-	-	-	-	0.74	-	0.74	-
<b>Property deposits(received)</b>										
NNK	-	-	-	-	-	-	0.60	-	0.60	-
<b>Investment in</b>										
ARC	-	201.74	-	-	-	-	-	-	-	201.74
Trustee	0.03	0.03	-	-	-	-	-	-	0.03	0.03
<b>Receivables from</b>										
ARC	-	168.31	-	-	-	-	-	-	-	168.31
<b>Payables to</b>										
NNK	-	-	-	4.00	-	-	1.75	-	1.75	4.00
VNK	-	-	10.00	-	-	7.50	-	-	10.00	7.50
AMNK	-	-	-	-	0.62	0.67	-	-	0.62	0.67
Trustee	15.00	15.00	-	-	-	-	-	-	15.00	15.00

# Denotes amount below ₹ 50,000/-

# ANNEXURE 'III' TO NOTE 2.35

## STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2017

Particulars	(₹ in Crore)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>A Cash flow from operating activities</b>		
Profit before tax	971.73	692.85
Adjustment for:		
Depreciation and amortisation expense	23.32	20.29
Amortisation of deferred employee compensation (ESOP)	7.11	7.38
Provision for gratuity	3.67	2.91
Provision for compensated absences	1.52	1.47
Provision for bad & doubtful debts and assets written off	12.52	2.28
Provision for standard assets	7.71	7.97
Provision for diminution in value of investments (net)	20.05	0.10
Loss on sale of fixed assets	0.29	0.07
Profit on sale of investments	(55.71)	(6.09)
Dividend income	(5.75)	(30.64)
Interest income	(91.07)	(97.42)
Finance costs	781.96	512.09
<b>Operating profit before working capital changes</b>	<b>1,677.35</b>	<b>1,113.26</b>
Adjustment for:		
(Increase)/decrease in trade receivables	(793.87)	(130.52)
(Increase)/decrease in short term loans and advances	(1,872.04)	(162.26)
(Increase)/decrease in long term loans and advances	(1,617.25)	(1,727.87)
(Increase)/decrease in securities held as stock in trade	247.04	102.11
(Increase)/decrease in assets held for arbitrage activities	(61.33)	(59.14)
(Increase)/decrease in other current assets	61.28	(45.95)
Increase/(decrease) in trade payables	511.24	103.63
Increase/(decrease) in other current liabilities	14.51	108.03
Increase/(decrease) in provisions	(10.45)	(2.56)
Increase/(decrease) in other long term liabilities	14.10	12.63
<b>Cash generated from/(used in) operations</b>	<b>(1,829.42)</b>	<b>(688.64)</b>
Direct taxes paid	(320.05)	(229.50)
<b>Net cash from/(used in) operating activities</b>	<b>(2,149.47)</b>	<b>(918.14)</b>
<b>B Cash flow from investing activities</b>		
Purchase of investments	(801.06)	(104.92)
Sale of investments	157.82	34.20
Purchase of fixed assets	(63.29)	(19.78)
Sale of fixed assets	0.05	0.93
Increase/(decrease) in other bank balances having maturity of more than 3 months and earmarked bank balances	(51.54)	218.60
Currency fluctuation	(3.23)	6.94
Interest income	91.07	97.42
Dividend income	5.75	30.64
<b>Net cash from /(used in) investing activities</b>	<b>(664.43)</b>	<b>264.03</b>

# ANNEXURE 'III' TO NOTE 2.35

## STATEMENT OF CONSOLIDATED CASH FLOW

for the year ended March 31, 2017

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>C Cash flow from financing activities</b>		
Proceeds from issue of equity share (including premium) on exercise of options	11.07	7.79
Minority interest	(10.20)	-
Proceeds from borrowings (net)	3,252.08	1,949.33
Finance costs paid	(781.96)	(512.09)
Dividend paid (including dividend distribution tax)	(144.86)	(140.15)
<b>Net cash from/(used in) financing activities</b>	<b>2,326.13</b>	<b>1,304.88</b>
<b>Net increase/(decrease) in Cash and cash equivalents before Consolidation Adjustment</b>	<b>(487.77)</b>	<b>650.77</b>
Cash and cash equivalents of ARC as on September 30, 2016 [Refer Note iii]	40.24	-
<b>Net increase/(decrease) in Cash and cash equivalents after Consolidation Adjustment</b>	<b>(447.53)</b>	<b>650.77</b>
Cash and cash equivalents - opening	843.18	192.41
Cash and cash equivalents - closing	395.65	843.18
<b>Notes:</b>		
i. The cash flow statement has been prepared under the 'Indirect Method' set out in AS 3 on "Cash Flow Statement" notified in Companies (Accounting Standards) Rules, 2006 (as amended).		
ii. Cash and bank balances as per note 2.19	869.06	1,265.05
Less: Bank balances comprising cash in deposit accounts with original maturity of more than 3 months (as defined in AS 3 - "Cash Flow Statements")	473.41	421.87
<b>Cash and cash equivalents as shown in Cash Flow Statement</b>	<b>395.65</b>	<b>843.18</b>
iii. Additions due to consolidation of the financials of JM Financial Asset Reconstruction Company Limited (ARC) w.e.f. September 30, 2016.		
iv. Previous year's figures have been regrouped and rearranged wherever necessary.		

### As per our attached report of even date

#### For and on behalf of

**Khimji Kunverji & Co**

Chartered Accountants

Registration No. 105146W

**Shivji K Vikamsey**

Partner

Membership No. F-2242

**Place:** Mumbai

**Date:** May 02, 2017

#### For and on behalf of the Board of Directors

**Nimesh Kampani**

Chairman

DIN - 00009071

**Prashant Choksi**

Company Secretary

**Vishal Kampani**

Managing Director

DIN - 00009079

**Manish Sheth**

Chief Financial Officer

**E A Kshirsagar**

Director

DIN - 00121824

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## ROUTE MAP FOR ANNUAL GENERAL MEETING VENUE



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NOTES

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## SNAPSHOTS OF THE YEAR



Mr. Nimesh Kampani speaking at the event organised to celebrate his glorious journey of excellence



Ms. Dipti Neelakantan participating in the panel discussion at the 7th CII Financial Markets Summit



Mr. Manish Sheth participating in a panel discussion organised by the Chamber of Tax Consultants



Mr. Nimesh Kampani and Mr. Vishal Kampani flagging off the Annual Walkathon 2017.



JM Financial team accepting the Council for Fair Business Practice Award



Mr. Rajeev Chitrabhanu addressing the audience at the JM Financial Achievers Awards 2016



7<sup>th</sup> Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India