

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.

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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:

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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 Udwadia	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

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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.

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.

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Board Constituted Committees as on March 31, 2017

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

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 Udawadia. Mr. E A Kshirsagar, a qualified Chartered Accountant, is the Chairman of the Committee. Mr. Darius E Udawadia 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:

- a. 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;

- b. Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company;
- c. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- d. Approval for all payments to the statutory auditors for any other services rendered by them;
- e. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i. 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;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;

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- 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 Udwadia	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 Udwadia and Mr. Nimesh Kampani.

Scope and Function

The broad terms of reference of the NRC are:

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- 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;

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- 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	-
Total	12	12	-

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.

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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
Total	3,10,07,123

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	-
Total	69,99,917

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

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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
Total	11,81,62,625

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.

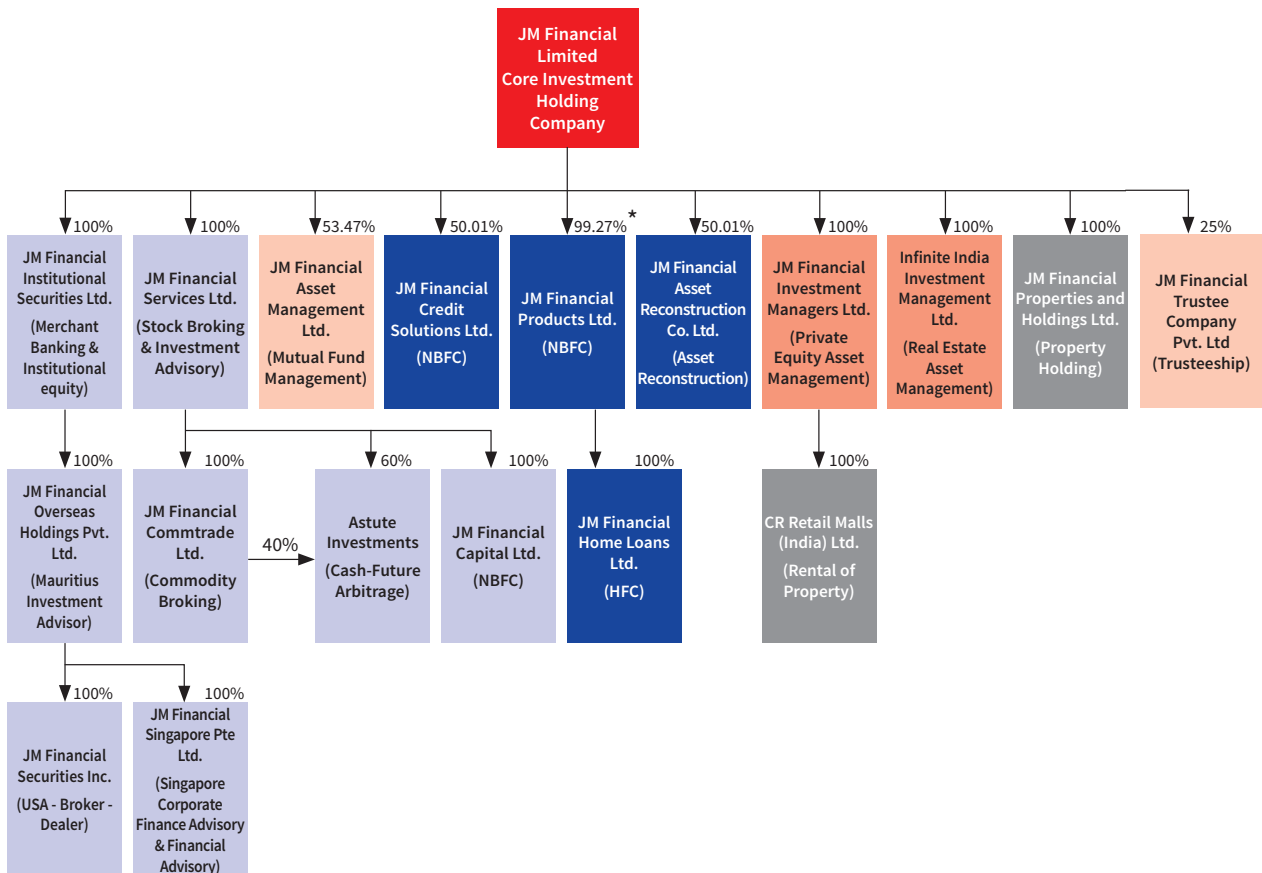
REPORT ON CORPORATE GOVERNANCE

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 Udawadia

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"> Alteration of Articles of Association.
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"> Issue of Non-Convertible Debentures for an amount not exceeding ₹ 1,000 crore. Alteration of Articles of Association. 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. 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. 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. 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. 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. 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 Comtrade Limited, subsidiaries of the Company are partners for an amount not exceeding ₹ 500 Crore during any one financial year.
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"> Payment of commission to Non-executive Directors including Independent Directors. Issue of Redeemable Non-Convertible Debentures for an amount aggregating up to ₹ 1,000 Crore.

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.

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, 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 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 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.