

# Report on Corporate Governance

## 1. Corporate Governance

Corporate Governance is about promoting the fairness, transparency, accountability, commitment to values, ethical business conduct and about considering all stakeholders' interests while conducting the business. It represents the value framework, principles, rules, practices by which a company conducts its business activities. Corporate Governance essentially involves balancing the interests of many stakeholders in a company which include its shareholders, management, customers, suppliers, financiers, government and the community.

## 2. Philosophy of JM Financial on Corporate Governance

We, at JM Financial, strongly believe in the practice of conducting the business activities in an ethical manner that ensures high level of accountability and trust for all our stakeholders. For us, Corporate Governance is a reflection of principles entrenched in our values and policies and also embedded in our day-to-day business practices, leading to value driven growth. We have adopted the best governance practices and disclosure standards leading to enhanced shareholders' value while protecting the interests of all the stakeholders.

Our values reflect our continued commitment to ethical business practices across our operations. The timely disclosures, transparent accountability policies and independent Board go a long way in maintaining good corporate governance, preserving shareholders' trust and maximizing long term corporate value. 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 JM Financial group.

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. We also constantly strive to adopt emerging best practices. It is our constant endeavour to provide the stakeholders' an oversight for strategy implementation, risk management and fulfilment of stated goals and objectives and provide them relevant, sufficient and reliable information on a timely and regular basis to enable them to participate in corporate governance process.

The Company continuously strives at improving and adhering to the good governance practice as stipulated in various legislations viz., Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (hereinafter referred

to as "the Listing Regulations"), the Companies Act, 2013 (hereinafter referred to as "the Act") and all other applicable rules and regulations.

A report on Corporate Governance as prescribed under the Listing Regulations is given below:

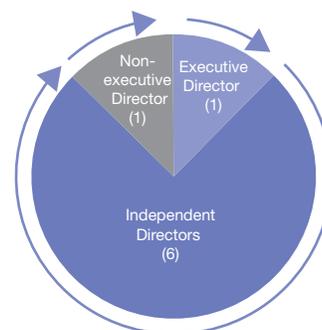
## 3. Board of Directors

The Directors on the Board of the Company possess varied skills and expertise, have diverse background and possess requisite qualifications and experience which enables them to discharge their responsibilities, provide effective leadership and independent views to the management. The Directors of the Company helps the Company in adhering to high standards of corporate governance practices.

### Composition of the Board

The Board of Directors of the Company has optimum combination of executive, non-executive and independent directors and meets the requirements under Regulation 17 of the Listing Regulations. Mr. Nimesh Kampani, is a Non-executive Chairman of the Company and Mr. Vishal Kampani is the Managing Director of the Company. Independent Directors constitute 75% of the Board's strength, which is more than the requirements stipulated under the Act and in the Listing Regulations. The Board periodically evaluates the strength and its composition.

As at March 31, 2019, the overall strength of the Board was eight (8) directors, breakup of which is given below:



All the Independent Directors of the Company have provided declaration to the Board confirming satisfaction of the conditions of their independence as laid down under Section 149(6) of the Act read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Regulation 16(1)(b) of the Listing Regulations. Further, in the opinion of the Board, all the Independent Directors of the Company, fulfil the conditions

specified under the Act and the Listing Regulations, and are independent of the management.

Mr. Vishal Kampani, the Managing Director is a relative (son) 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 each other.

As confirmed by the Independent Directors, they did not have any material pecuniary relationship with the Company during the financial year 2018-19. The sitting fees paid to them for attending the meetings of the Board and its Committees, the commission paid/payable to them and the professional fees, if any, paid during the year are not considered as having any material pecuniary relationship with the Company in accordance with the relevant provisions of the Act and the Listing Regulations.

During the year under review, the shareholders of the Company approved the continuation of the directorships of Mr. E A Kshirsagar, Mr. Darius E Udawadia and Dr. Vijay Kelkar (since they are more than 75 years of age) beyond April 1, 2019 by passing the Special Resolutions with requisite majority through the conduct of postal ballot process. This was required pursuant to the amendments made by the Securities and Exchange Board of India

(“the SEBI”) in the Listing Regulations vide it’s notification dated May 9, 2018.

The shareholders of the Company further passed the Special Resolutions re-appointing Mr. E A Kshirsagar, Mr. Darius E Udawadia, Dr. Vijay Kelkar, Mr. Paul Zuckerman and Mr. Keki Dadiseth, as independent directors of the Company for a further term not exceeding 3 years with effect from July 3, 2019. The said Special Resolutions were also passed through the conduct of the postal ballot process. The first five year term of the above Independent Directors, is expiring on July 2, 2019.

Before considering the appointment/re-appointment of a director, the Board of Directors of the Company and the Nomination and Remuneration Committee takes into consideration the qualifications, skills and attributes as stated in the Company’s policies on directors’ appointment and remuneration.

The Company’s Board comprises qualified members who bring in required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees. The Directors are committed to ensure that the Company is in compliance with the highest standards of corporate governance.

Below is the summary of key skills and attributes which are taken into consideration while nominating candidates to serve on the Board of the Company.

Sr. No.	Skills and Attributes
1.	Executive Leadership
2.	Strategic Advisor, Public and Regulatory Policy
3.	Financial Acumen
4.	Legal, Corporate Governance, Risk and Compliance
5.	Global experience

#### A. Memberships of other Boards

None of the Directors of the Company hold directorships in more than twenty (20) companies including in more than ten (10) public companies. In accordance with the Listing Regulations, none of the Directors of the Company hold directorships in more than eight (8) listed companies and independent directorships in more than seven (7) listed companies. The Managing Director of the Company does not hold directorship as an Independent Director in any other listed company. Also, none of the Directors is serving as a member of more than ten (10) committees or as the

chairman of more than five (5) committees in accordance with the requirements of the Listing Regulations. Necessary disclosures regarding committee positions in other public companies as at the end of financial year have been made by the Directors.

The information relating to the number and category of other directorships and committee chairmanships/memberships held by the directors in other public companies including the names of the listed companies as on March 31, 2019 is given below as required under the Listing Regulations.

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Name of the Director	Category in the Company	Number of directorships in other public companies*				Number of committee positions held in other public companies**		No. of equity shares held in JM Financial Limited as on March 31, 2019
		Listed	Name of the Listed Company	Category of Directorship	Unlisted	Chairman	Member	
Mr. Nimesh Kampani	Non-Executive Chairman	4	Apollo Tyres Limited Britannia Industries Limited Deepak Nitrite Limited Chambal Fertilisers Chemicals Limited	Non-Executive Independent Director	3	1	5	13,53,57,500#
Mr. E A Kshirsagar	Independent Director	3	Batliboi Limited Hawkins Cookers Limited Manappuram Finance Limited	Non-Executive Independent Director Non-Executive Nominee Director	1	3	4	Nil
Mr. Darius E Udewadia	Independent Director	2	ABB India Limited Bombay Burmah Trading Corporation Limited	Non-Executive Independent Director	2	1	6	Nil
Mr. Paul Zuckerman	Independent Director	-	-	-	-	-	-	Nil
Dr. Vijay Kelkar	Independent Director	-	-	-	3	-	2	Nil
Mr. Keki Dadiseth	Independent Director	4	Britannia Industries Limited Godrej Properties Limited Piramal Enterprises Limited Siemens Limited	Non-Executive Independent Director	1	1	5	Nil
Ms. Jagi Mangat Panda	Independent Director	1	Ortel Communications Limited	Managing Director	4	1	2	Nil
Mr. Vishal Kampani	Managing Director	-	-	-	6	-	2	1,13,50,000

\* Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Act.

\*\* The information pertaining to the chairmanships/memberships of committees of the board held by the directors includes only audit committee and stakeholders' relationship committee.

# Includes 12,50,000 equity shares held by Nimesh Kampani HUF.

## B. Board Meetings and Board Procedure

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, to decide on business policy/strategy of the Company, risk management, competitive scenario, etc. The Board/Committee meetings are pre-scheduled and tentative dates of such meetings are informed well in advance to facilitate the Directors to plan their schedule. The Company also provide an option to its Directors to participate at each of the Board/Committee meetings through video conference.

The Board meetings are generally held at the registered office of the Company. Six (6) Board meetings were held during the financial year 2018-19; on May 2, 2018, July 18, 2018, September 18, 2018, October 25, 2018, December 18, 2018 and January 23, 2019. 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 held during the financial year 2018-19 and at the last annual general meeting are given below:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the Annual General Meeting held on July 18, 2018
Mr. Nimesh Kampani	6	6	Yes
Mr. E A Kshirsagar	6	6	Yes
Mr. Darius E Udwardia	6	6	Yes
Mr. Paul Zuckerman	6	6	Yes
Dr. Vijay Kelkar	6	6	Yes
Mr. Keki Dadiseth	6	4	Yes
Ms. Jagi Mangat Panda	6	4	Yes
Mr. Vishal Kampani	6	6	Yes

The Board is provided with the relevant information including the 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 meetings are finalised by the Company Secretary in consultation with the Chairman and the same is circulated well in advance to all the Board Members, along with comprehensive background information on the agenda items to enable the Board to take informed decisions. The agenda and related information are uploaded on electronic portal, which are accessible to the Board Members on their respective portable computer devices. The Directors opting for physical copy of the agenda were provided hard copies.

With reference to the 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/Committee meetings. Where it is not practicable to circulate any document or if the agenda item is of a 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 with the consent of majority of the Directors present at the

meeting. The senior officials of the Company/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 Company and its subsidiaries, 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/Business heads of respective subsidiary companies for clarifications/information, as and when required.

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

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The draft minutes of the Board and Committee meetings are circulated amongst the Directors/Members for their perusal and comments in accordance with Secretarial Standard-1 (SS-1) issued by the Institute of Company Secretaries of India. Suggestions, if any, received from the Directors/Members are suitably incorporated in the draft minutes, in consultation with the Chairman of the Board/Committee. Minutes are signed by the Chairman of the Board/Committee 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 are placed at the succeeding meetings of the Board/Committee for noting.

The Board periodically reviews the 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 including the Company 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.

### C. Separate Meeting of Independent Directors

Separate meeting of the Independent Directors of the Company was held on March 18, 2019 without the presence of the Non-Executive Chairman, the Managing Director and the management team of the Company. The meeting was attended by all the Independent Directors. The matters considered and discussed thereat, inter alia, included those prescribed under Schedule IV to the Act and Regulation 25 of the Listing Regulations.

### D. Familiarisation Program for Independent Directors

The Company has in place the familiarisation program for the Independent Directors appointed from time to time. The program aims to familiarise the Independent Directors with various aspects of the Company including the nature of the financial services industry, operations and performance of the Company's subsidiaries; developments within group companies; roles, rights, responsibilities of Independent Directors; and other relevant information required by Independent Directors to discharge their functions.

The CEOs and the business heads of the Company and its subsidiaries make business presentations at the Board meetings to update the Independent Directors with the strategy, functions, operations and performance of the Company and its subsidiaries.

The Company's Policy of conducting the familiarisation program and details of such familiarisation programme imparted to independent directors during the financial year 2018-19, is placed on the website viz., [www.jmfl.com](http://www.jmfl.com).

### E. 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 the Board members and Senior Management Personnel to familiarise themselves with the 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 forms part of this Report.

## 4. Committees of the Board

The Board has constituted the following Committees to take informed decisions in the best interests of the Company. These Committees monitor the activities falling within their terms of reference. Specific terms of reference have been laid out for each of these Committees and reviewed annually:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Allotment Committee
- Risk Management Committee (constituted on January 23, 2019)

### A. Audit Committee

#### Composition

The Audit Committee has a well-defined composition of Members, all of whom are Non-executive Independent Directors in accordance with Section 177 of the Act read with rules thereto and Regulation 18 of the Listing Regulations. The Committee is chaired by Mr. E A Kshirsagar, who is a qualified Chartered Accountant. All members of the Committee are financially literate and very learned, experienced and well known in their respective fields. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. The Company Secretary acts as the Secretary to the Committee. The Meetings of the Audit Committee are also attended by the Chief Financial Officer, Internal Auditors and the Statutory Auditors as invitees. The minutes of each Audit Committee meeting are circulated amongst the

members for their approval. The minutes as approved by the members are generally signed by the Chairman of the Committee at its next meeting.

The Chairman of the Committee, Mr. E A Kshirsagar, was present at the last Annual General Meeting held on July 18, 2018 to address the queries, if any, of the shareholders.

### Scope and Functions

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

- 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. Review with the management, the annual financial statements and auditor's report thereon before submission to the Board for its 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, if any, made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of all related party transactions;
  - vii. Modified opinion(s), if any, in the draft audit report.
- f. Review with the management, the quarterly financial statements before submission to the Board for its approval;
- g. Review with the management, the statement of uses/application of funds raised through an issue, the statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take steps in this matter;
- h. Approval or any subsequent modification of transactions of the Company with its related parties;
- i. Scrutiny of inter-corporate loans and investments;
- j. Valuation of undertakings or assets of the Company, wherever it is necessary;
- k. Evaluation of internal financial controls and risk management systems;
- l. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m. Review 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;
- n. Discussion with internal auditors of any significant findings and follow up thereon;
- o. Review 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;
- p. 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;
- q. 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;
- r. To review the functioning of the Whistle Blower mechanism;
- s. Approval for appointment of the Chief Financial Officer;
- t. Review of utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments;
- u. Review of compliances with SEBI (Prevention of Insider Trading) (Amendment) Regulations, 2018 and to verify that the systems for internal control are adequate and are operating effectively, at least once in a financial year;
- v. 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 (4) times during the financial year 2018-19 on May 2, 2018, July 18, 2018, October 25, 2018 and January 23, 2019. The required quorum was

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present for all the Audit Committee meetings. The gap between two meetings did not exceed 120 days.

The attendance at the Meetings was as under:

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	4
Mr. Paul Zuckerman	Member	4	4
Mr. Darius E Udwadia	Member	4	4

### B. Nomination and Remuneration Committee

#### Composition

The Nomination and Remuneration Committee (“the NRC”) is constituted in accordance with Section 178 of the Act and applicable rules thereto and in accordance with Regulation 19 of the Listing Regulations. The members of the NRC consists of four (4) Non-executive Directors of which three (3) are independent directors. The Committee is chaired by Dr. Vijay Kelkar, an Independent Director.

#### Scope and Functions

The broad terms of reference of the NRC, inter alia, includes the following:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- 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;
- Evaluation of Directors’ performance;
- 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;
- Recommend the appointment of Key Managerial Personnel (KMPs) and approve their remuneration;
- Recommend to the board, all remuneration, in whatever form, payable to senior management; and
- Such other functions as may be entrusted to it by the Board of Directors, from time to time.

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 provisions of the Act and the Regulations issued by Securities and Exchange Board of India (SEBI).

#### Meetings and Attendance

The NRC met two (2) times during the financial year 2018-19 on April 12, 2018 and January 9, 2019. The required quorum was present at the said NRC Meetings. The matters considered by the Committee during

the year, inter alia, included determination of performance linked discretionary bonus and revision in the fixed salary of the Executive Director, Key Managerial Personnel and the senior employees of the Company, grant of stock options to eligible employees, performance evaluation of individual directors, the Board as a whole, the Board Committees and recommendation of re-appointment of the independent directors. The attendance at the said meetings was as under:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Dr. Vijay Kelkar	Chairman	2	2
Mr. E A Kshirsagar	Member	2	1
Mr. Nimesh Kampani	Member	2	2
Mr. Darius E Udwadia	Member	2	2

#### Criteria for Performance Evaluation of Directors

Policy on Performance Evaluation and Remuneration of the Directors (“the Policy”) has been framed for the Performance of the Board as a whole, its committees, individual directors including the executive director and the Chairman.

An annual performance evaluation for the financial year 2018-19 was carried out in an independent and fair manner in accordance with the Policy, as stated above. The key criteria for evaluating the performance of Directors of the Company are as follows:

- Providing effective leadership and strategic guidance to the management;
- To understand 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; and
- Management of conflict of interests, if any.

### C. Corporate Social Responsibility Committee

#### Composition

The Corporate Social Responsibility (“the CSR”) Committee is constituted in accordance with Section 135 of the Act and consists of three (3) Non-executive Directors of which, two (2) are Independent Directors. The Committee is chaired by Mr. Nimesh Kampani.

### Scope and Functions

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

- Formulating and recommending to the Board, the CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Act;
- Making recommendation on the amount of expenditure to be incurred on CSR activities;
- Instituting a transparent monitoring mechanism for implementation of the CSR activities to be undertaken by the Company; and
- Such other functions as may be entrusted to it by the Board of Directors, from time to time.

The update on the CSR activities undertaken by the Company through its philanthropic arm viz., JM Financial Foundation is provided in Annexure C to the Board's Report.

### Meetings and Attendance

The CSR Committee met two (2) times during the financial year 2018-19 on October 25, 2018 and March 13, 2019. The Committee, inter alia, reviewed the CSR projects so far undertaken and also considered, approved and recommended to the Board, the amount to be spent on the CSR activities along with the CSR Projects for FY 2018-19. The details of the attendance of the Members at the said meetings are given below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Nimesh Kampani	Chairman	2	2
Mr. Paul Zuckerman	Member	2	2
Mr. Keki Dadiseth	Member	2	1

## D. Stakeholders' Relationship Committee

### Composition

The Stakeholders' Relationship Committee (SRC) constituted in accordance with Section 178 of the Act and applicable rules thereto and Regulation 20 of the Listing Regulations, comprises three (3) Directors, of which two (2) are Independent Directors and one (1) is a Non-executive Director. The Committee is chaired by Dr. Vijay Kelkar. The Chairman of the Committee was present at the last Annual General Meeting. Mr. Prashant Choksi, Company Secretary of the Company acts as the Secretary to the Committee.

### Scope and Functions

The broad terms of reference of the SRC are as follows:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual

report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;

- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agents;
- Review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

### Meetings and Attendance

The SRC met four (4) times during the financial year 2018-19 on May 2, 2018, July 18, 2018, October 25, 2018 and January 23, 2019. 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	4	4
Mr. Nimesh Kampani	Member	4	4
Ms. Jagi Mangat Panda	Member*	4	3

\* Appointed as a Member of the Committee w.e.f. July 18, 2018

### Nature and number of Grievances

During the year, number of grievances received from members/investors by the Company/its Registrar and Transfer Agents, are stated below:

Nature of Grievances	No. of Grievances received	No of Grievances resolved	Pending Grievances
Non-receipt of Dividend	17	17	Nil
Non-receipt of shares post-corporate action	Nil	Nil	Nil
Non-receipt of physical copy of Annual Report	Nil	Nil	Nil
<b>Total</b>	<b>17</b>	<b>17</b>	Nil

The grievances, so received, were general in nature and related to non-receipt of dividends. All the grievances received were duly resolved/redressed in a timely manner.

Mr. Vishal Kampani, the Managing Director and Mr. Prashant Choksi, the Company Secretary, have been severally authorised by the Board to consider and approve the requests for transfer/transmission of shares in physical form for expediting the transfer/ transmission process.

## 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

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of the Company. The Committee is chaired by Mr. Nimesh Kampani.

### Scope and Functions

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.

### Meetings and Attendance

The Allotment Committee met seven (7) times during the financial year 2018-19 on May 2, 2018, June 18, 2018, July 18, 2018, August 20, 2018, October 25, 2018, December 18, 2018 and January 23, 2019. The details of attendance of the Members at the said meetings are given below:

Name of the Member	Position	No. of Meetings held	No. of Meetings attended
Mr. Nimesh Kampani	Chairman	7	7
Mr. Darius E Udwardia	Member	7	7

## F. Risk Management Committee

### Composition

The Risk Management Committee (RMC) is constituted in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and consists of five (5) Members, of which two (2) are Independent Directors, viz., Mr. Darius E Udwardia and Mr. Paul Zuckerman. The other Members include Mr. Vishal Kampani, Managing Director, Mr. Adi Patel and Mr. Darius Pandole, Senior Executives of the Company.

### Scope and Functions

The broad terms of reference of the RMC are as follows:

- Assessing the risk profile of the Company and key areas of risks in particular;
- Formulate the systems and processes to monitor, control and mitigate the risks;
- Review and evaluate the risk management plan, policy and practices with respect to risk assessment and risk management processes;
- Review and monitor various functions including cyber security;
- To review nature of risk level of insurance coverage and its adequacy;
- Performing such other functions as may be necessary or appropriate for the performance of its oversight function; and
- Any other matters as the Board may entrust from time to time.

The Committee was constituted by the Board of Directors of the Company at its meeting held on January 23, 2019.

## 5. Disclosure in relation to Remuneration of Directors

### a. Remuneration of the Executive Director

The compensation structure of the Executive Director consists of two parts – fixed and variable determined on the basis of:

- Market benchmarking
- Individual performance
- Performance of the Company including its subsidiaries/associate.

The above compensation structure is also reviewed by the NRC and approved by the Board of Directors and Members of the Company.

### Remuneration of the Managing Director, Mr. Vishal Kampani

In accordance with the terms of the Agreement entered into by the Company with Mr. Vishal Kampani, the Company has paid the following remuneration to Mr. Kampani during the financial year 2018-19:

	(Amount in ₹)
Salary	1,44,00,000
Perquisites	28,15,661
<b>Total</b>	<b>1,72,15,661</b>

Additionally, Mr. Kampani is entitled to receive the Company's contribution to provident fund as per the rules of the Company.

No sitting fees were paid to Mr. Kampani for attending meetings of the Board during the financial year 2018-19.

Mr. Vishal Kampani is also the Managing Director of JM Financial Products Limited ('JM Financial Products'), a material subsidiary of the Company. Mr. Kampani was re-appointed as the Managing Director of JM Financial Products for a period of five years effective from September 15, 2016. His initial appointment as a Director in JM Financial Products was in the financial year 2008-09. Mr. Kampani also draws remuneration from the said subsidiary. As per the terms of his appointment, so long as Mr. Kampani serves as a 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/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. Kampani from JM Financial Products are as below:

	(Amount in ₹)
Salary	1,44,00,000
Perquisites	20,86,021
Performance Bonus	11,00,00,000
<b>Total</b>	<b>12,64,86,021</b>

Additionally, Mr. Kampani is 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 shareholders of the Company and the NRCs 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.

Considering the above, an aggregate amount of ₹ 1,24,00,000 is proposed to be paid as commission to the Non-executive Directors of the Company for the financial year 2018-19, except Mr. Nimesh Kampani who has voluntarily decided not to accept any commission for the said year. The details of sitting fees/commission paid/payable to the Directors are given below:

Name of Director	Sitting fees paid during the financial year 2018-19						Commission	
	Board Meeting	Audit Committee Meeting	Nomination and Remuneration Committee Meeting	Allotment Committee Meeting	Stakeholders' Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	Paid for FY 2017-18	Proposed to be Paid for FY 2018-19
Mr. Nimesh Kampani	6,00,000	-	40,000	35,000	40,000	40,000	16,00,000	-
Mr. E A Kshirsagar	6,00,000	2,00,000	20,000	-	-	-	22,00,000	22,00,000
Mr. Darius E Udawadia	6,00,000	2,00,000	40,000	35,000	-	-	20,00,000	20,00,000
Mr. Paul Zuckerman	6,00,000	2,00,000	-	-	-	40,000	20,00,000	20,00,000
Dr. Vijay Kelkar	6,00,000	2,00,000	40,000	-	40,000	-	22,00,000	22,00,000
Mr. Keki Dadiseth	4,00,000	-	-	-	-	20,000	20,00,000	20,00,000
Ms. Jagi Mangat Panda	4,00,000	-	-	-	30,000	-	20,00,000	20,00,000

Note: The above does not include the following:

1. Sitting fees of ₹ 100,000/- paid to the Independent Directors for attending the Independent Directors' Meeting held on March 18, 2019.
2. As per the practice followed by the Company, the commission for the financial year 2018-19 will be paid to Non-executive Directors after the financial statements are adopted by the members at the Thirty Fourth Annual General Meeting of the Company.
3. During the financial year 2018-19, the Company has paid ₹ 4,00,000 as professional fees to Mr. Keki Dadiseth for rendering advisory services for the new private equity fund sponsored by the Company.

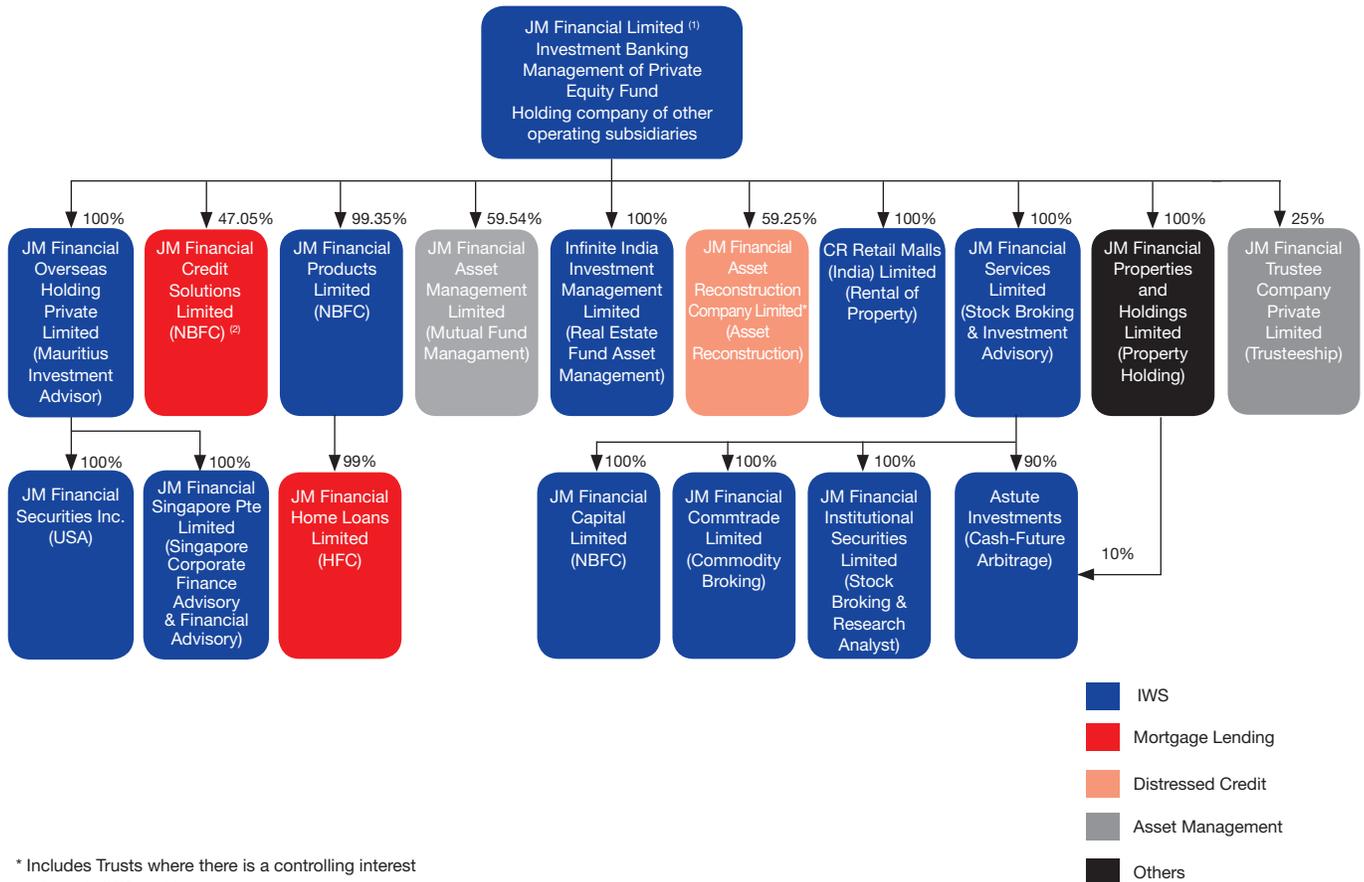
The payment of the said professional fees to the Independent Director as above does not affect his independence of judgement, as the services provided by him in his professional capacity.

Other than the above, no payments have been made to any of the Independent Directors by the Company.

# Report on Corporate Governance (Contd.)

## 6. Subsidiary and Associate Companies:

As on March 31, 2019, the Company had the following subsidiary and associate companies.



\* Includes Trusts where there is a controlling interest

1. Largely IWS and balance others
2. JM Financial Limited controlled entity with effective ownership of 47.05%
3. The percentage shareholding as mentioned in the corporate structure is calculated on the basis of the face value of shares.

In terms of Regulation 16(1)(c) of the Listing Regulations, the material subsidiaries of the Company as on March 31, 2019 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, 2019:

Name of the material unlisted* subsidiaries	Name of the Independent Director
JM Financial Products Limited	Mr. E A Kshirsagar
JM Financial Credit Solutions Limited	Mr. Darius E Udawadia
JM Financial Asset Reconstruction Company Limited	Dr. Vijay Kelkar

\* The above subsidiaries have issued debt securities which are listed on stock exchange but its equity shares are not listed.

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 Board of Directors, a statement of significant transactions and arrangements entered into by all the unlisted subsidiary companies of the Company. The audit committee of the Company also reviews the financial statements, in particular, the investments made by the unlisted subsidiaries.

## 7. General Body Meetings:

### i. The details of Annual General Meeting (“AGM”) held during the last 3 years and the special resolutions passed thereat are as under:

Date of AGM	Venue	Time	Whether Special Resolution passed	Summary of Special Resolutions
August 2, 2016	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>
July 24, 2017	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 Redeemable Non-Convertible Debentures for an amount aggregating up to ₹ 5,000 Crore.</li> </ul>
July 18, 2018	J. K. Banquets Hall, Industry Manor, 1/B - 1&2, Ground Floor, Appasaheb Marathe Marg, Near Century Bhavan, Prabhadevi, Mumbai 400 025	3.00 p.m.	Yes	<ul style="list-style-type: none"> <li>• Issue of Redeemable Non-convertible Debentures for an amount aggregating up to ₹ 5,000 Crore.</li> <li>• Reclassification of Mr. Ashith Kampani from Promoters’ Group to Non-Promoters’ Group/Public Category.</li> <li>• Approval for giving of loan(s) and/or guarantee(s) and/or providing security(ies) in connection with loan(s) to any person and/or body corporate and/or acquisition of securities of other body(ies) corporate for an amount of up to ₹ 2,000 Crore over and above the limits available to the Company pursuant to Section 186 of Companies Act, 2013.</li> </ul>

# Report on Corporate Governance (Contd.)

## ii. Special Resolutions Passed through Postal Ballot

During the year, Special Resolutions in respect of the following matters were passed with the requisite majority through Postal Ballot on March 5, 2019 by the Members of the Company in accordance with the applicable provisions of the Act and the Listing Regulations.

Sr. No.	Matters	No. of votes in favour (% of total votes casted)	No. of votes against (% of total votes casted)
1.	Continuation of the directorship of Mr. E A Kshirsagar (DIN 00121824), who has attained the age of seventy five years, as a Non-executive Independent Director of the Company, up to July 2, 2019, being the date of expiry of his current term of office.	71,95,39,075 (99.12%)	63,56,749 (0.88%)
2.	Continuation of the directorship of Mr. Darius E Udhwadia (DIN 00009755), who has attained the age of seventy five years, as a Non-executive Independent Director of the Company, up to July 2, 2019, being the date of expiry of his current term of office.	67,48,45,132 (92.97%)	510,50,482 (7.03%)
3.	Continuation of the directorship of Dr. Vijay Kelkar (DIN 00011991), who has attained the age of seventy five years, as a Non-executive Independent Director of the Company, up to July 2, 2019, being the date of expiry of his current term of office.	72,01,44,210 (99.21%)	57,51,214 (0.79%)
4.	Re-appointment of Mr. E A Kshirsagar (DIN 00121824) as an Independent Director of the Company for a further term not exceeding three consecutive years from July 3, 2019 to July 2, 2022.	71,89,49,477 (99.06%)	68,26,132 (0.94%)
5.	Re-appointment of Mr. Darius E Udhwadia (DIN 00009755) as an Independent Director of the Company for a further term not exceeding three consecutive years from July 3, 2019 to July 2, 2022.	65,90,10,361 (90.79%)	6,68,84,628 (9.21%)
6.	Re-appointment of Dr. Vijay Kelkar (DIN 00011991) as an Independent Director of the Company for a further term not exceeding three consecutive years from July 3, 2019 to July 2, 2022.	71,96,74,548 (99.14%)	62,20,431 (0.86%)
7.	Re-appointment of Mr. Paul Zuckerman (DIN 00112255) as an Independent Director of the Company for a further term not exceeding three consecutive years from July 3, 2019 to July 2, 2022.	72,50,20,577 (99.88%)	8,74,432 (0.12%)
8.	Re-appointment of Mr. Keki Dadiseth (DIN 00052165) as an Independent Director of the Company for a further term not exceeding three consecutive years from July 3, 2019 to July 2, 2022.	72,00,60,381 (99.20%)	58,34,468 (0.80%)

For the above purpose, the Company had provided the facility to its Members to cast their votes electronically through the e-voting platform of Karvy Fintech Private Limited, as an alternate to casting votes by physical ballot. The Company had appointed Ms. Jayshree S Joshi, Company Secretary, Proprietress of M/s. Jayshree Dagli & Associates, Company Secretaries, Mumbai, as Scrutiniser to conduct the Postal Ballot process in a fair and transparent manner.

The Company follows the procedure as prescribed under the Companies Act, 2013, the Rules made thereunder, the Secretarial Standard on General Meetings (SS-2) and other applicable statutes, if any, for conducting the postal ballot.

Resolutions, if any, to be passed through Postal Ballot during the current financial year will be taken up as and when necessary.

## 8. Management Discussion and Analysis Report

The Management Discussion and Analysis Report for financial year 2018-19, prepared in accordance with the Listing Regulations, forms part of this Annual Report.

## 9. Disclosures

### A. Policies Determining Material Subsidiaries and Related Party Transactions

Pursuant to requirements of Regulation 16 and Regulation 23 of the Listing Regulations, the Board of Directors of 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

There were no material significant related party transactions entered by the Company during Financial Year 2018-19.

### C. Penalty or Strictures

There have been no instances of material non-compliances by the Company on any matter related to the capital markets, and no penalties and/or strictures have been imposed on it by Stock Exchanges or SEBI or any statutory authority during the last three financial years.

**D. Code of Conduct for Prevention of Insider Trading**

The Board of Directors of the Company has adopted the code of conduct 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 Company has established Vigil Mechanism/Whistle Blower Policy for the directors and employees to report their genuine concerns about any unethical behaviour, financial irregularities including fraud or suspected fraud. The vigil mechanism provides adequate safeguards against victimisation of employees and directors who avail the vigil mechanism. The Company affirms that no personnel have been denied access to the Audit Committee.

The Policy provides that no adverse action shall be taken or recommended against a director or an employee in retaliation to his/her disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This mechanism protects such directors and employees from any unfair or prejudicial treatment by anyone within the Company.

**F. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Company does not deal with any commodity and hence not exposed to any commodity price risk. As on March 31, 2019, the Company has foreign exchange receivable of ₹ 43,47,059 and the foreign exchange payable as on March 31, 2019 is ₹ 3,50,239.

**G. Company Secretary in Practice Certification**

In accordance with the Listing Regulations, the Company has obtained the certificate from a practising company secretary confirming that as on March 31, 2019, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors by Securities and Exchange Board of India/Ministry of Corporate Affairs or any such authority and the same is appended to this Report.

**H. Total Fees Paid to Statutory Auditors**

The total amount of fees paid to the Statutory Auditors of the Company and its subsidiaries during the financial year 2018-19 is stated in Notes to financial statements, which forms part of this Annual Report.

**I. Managing Director (MD) and Chief Financial Officer (CFO) Certification**

As required under the Listing Regulations, the MD and the CFO of the Company have certified the accuracy of financial statements for FY 2018-19 and adequacy of internal control systems for financial reporting for the said year, which is appended to this Report.

**J. Details of Utilisation of Funds raised through Qualified Institutional Placement**

The Company had raised the funds by way of Qualified Institutions Placement (QIP) aggregating ₹ 650 Crore through the issue of 4,01,22,706 equity shares of face value ₹ 1/- each at an issue price of ₹ 162 per equity share during the financial year 2017-18. Out of the funds raised as above, the Company has utilised a sum of ₹ 266 Crore during the financial year 2018-19. With this, the total amount of funds utilised by the Company till March 31, 2019 is ₹ 566 Crore which is in accordance with the utilisation of the proceeds of the QIP as mentioned in the placement document dated February 2, 2018.

**K. Disclosures related to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has not received any complaints relating to sexual harassment of women during the financial year 2018-19. No complaints were pending as at end of the financial year.

**10. Means of Communication**

Effective communication of information is an essential component of Corporate Governance. It is the process of sharing information, ideas, thoughts, opinions and plans to all stakeholders which promotes relations between the management and shareholders. The Company regularly interacts with its shareholders through multiple channels of communication.

**a. Quarterly Results**

The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in English newspaper (generally Business Standard) and a Marathi daily (generally Sakal/Navshakti). The quarterly/annual results, press releases and the presentation made to the Institutional Investors/Analysts are also uploaded on the website

## Report on Corporate Governance (Contd.)

of the Company at [www.jmfl.com](http://www.jmfl.com). The Company also emails the quarterly results to those shareholders who have registered their email-ids with their Depository Participant(s) or the Company.

### b. Dividend Intimation

The Company sends intimation to all its shareholders about the dividend credited to their bank accounts or pay orders issued to them, wherever bank details are not available in records or the dividend credit has been rejected by bank. Shareholders are requested to check whether the dividend amount has been credited in their bank account or not and revert to the Company or its Registrar and Transfer Agents, if the same has not been credited.

### c. Website

The Company's website viz., [www.jmfl.com](http://www.jmfl.com) provides information about the businesses carried on by the Company, its subsidiaries and associate. 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 and such other disclosures as required under the Listing Regulations, are made available on the Company's website.

### d. Annual Report

Annual Report containing, inter alia, the Standalone and Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the shareholders of the Company prior to the AGM. The Report on Management Discussion and Analysis forms part of this Annual Report. The Annual Report of the Company is also available on its website and also on the website of BSE and NSE.

### e. Reminder to Shareholders

Individual reminders are sent each year to those shareholders whose dividend amounts 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.

A separate reminder, in accordance with IEPF Rules, is also sent to those shareholders who have not claimed/encashed their dividends for more than seven consecutive years and whose shares are liable to be transferred to IEPF Authority.

In accordance with the SEBI Circular dated April 20, 2018, the Company had sent initial letter and two reminders to those shareholders whose bank account details and PAN were not found in the records of its Registrar and Transfer Agents. Reminders, in accordance with SEBI Circular dated June 8, 2018 were also sent to the shareholders who held the shares in the physical form, requesting them to convert their shares in demat form. The notice along with the procedure for conversion from physical to demat was displayed on the website of the Company, for reference of the Shareholders.

### f. NSE Electronic application processing system (NEAPS) and BSE Portal for Electronic Filing

The financial results, shareholding pattern and quarterly reports 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.com](http://www.connect2nse.com/listing.com) and BSE Listing portal i.e., <http://listing.bseindia.com>.

### g. Designated Exclusive Email-Id

The Company has designated an email id exclusively for its shareholders viz., [shareholdergrievance@jmfl.com](mailto:shareholdergrievance@jmfl.com) for the purpose of registering complaints by investors and the same is displayed on the Company's website.

### h. 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 in terms of the Company's Policy for Determination of Materiality of Events/Information and the Listing Regulations.

## 11. Compliance With Mandatory/Non-Mandatory Requirements

The Company has complied 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 from time to time.

### 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 2018-19.

Place: Mumbai  
Date: May 2, 2019

**Vishal Kampani**  
Managing Director